

A high-contrast, black and white silhouette of Nelson Mandela is positioned on the left side of the page. He is wearing a suit and tie, and his right arm is raised in a fist. Behind him is a large, stylized arc composed of concentric semi-circles in shades of red, orange, and yellow. Above this arc, a vertical line of small squares in grey, white, yellow, orange, and red extends upwards. A horizontal line connects this vertical line to a dark red rectangular box in the top right corner.

20 years of democracy

*"Education is the most powerful
weapon which you can use to change
the world."*

Nelson Mandela 1918 - 2013



NSFAS

National Student Financial Aid Scheme

ANNUAL REPORT 2014



National Student Financial Aid Scheme

Established by the NSFAS Act (Act 56 of 1999)

ANNUAL REPORT

for the year ended 31 March 2014

Table of Contents	Page
Part A General Information	
1. General information	4
2. Abbreviations and acronyms	4
3. Strategic overview	5
3.1. Vision	5
3.2. Mission statement	5
3.3. Values	5
4. Legislative and other mandates	6
5. Foreword by the Chairperson	7
6. Executive Officer's overview	9
Part B Performance Information	
1. Statement of responsibility for performance information	14
2. Strategic goals	15
3. Predetermined objectives	17
3.1. Programme 1: administration	17
3.2. Programme 2: student-centred financial aid	21
Part C Governance	
1. Introduction	24
2. Portfolio Committee	24
3. Executive Authority	24
4. The NSFAS Board	24
5. Compliance with laws and regulations	28
6. Fraud and corruption	28
7. Minimising conflict of interest	28
8. Code of conduct	28
9. Health, safety and environmental issues	28
10. Board secretary	28
11. Report of the Audit and Risk Committee	29
Part D Human Resources	
1. Introduction	34
2. Human resources oversight statistics	35
Part E Financial Information	
1. Annual Financial Statements	41
2. Statement of responsibility and approval	43
3. Report of the Auditor-General	44

“NSFAS gave me the opportunity to become a Chartered Accountant and in turn be able to contribute towards producing many other CA(SA)s during my time as a training officer at the Auditor-General of SA.”



Nolwazi Mamorare

I am the Executive Director responsible for Financial Governance and Revenue at the University of Johannesburg. I matriculated from Mount Arthur High School in Lady Frere in the Eastern Cape, after which I went to Rhodes University. The cost of attending Rhodes University was astronomical and with only one parent employed, I would not have been able to complete my studies without the assistance from NSFAS.

NSFAS gave me the opportunity to become a Chartered Accountant and in turn be able to contribute towards producing many other CA(SA)s during my time as a training officer at the Auditor-General of SA. As a custodian of NSFAS funding at the University of Johannesburg, I see the manner in which NSFAS has changed many people’s lives for the better on a daily basis. The importance of the role of NSFAS cannot be overemphasised.

“Without education, your children can never really meet the challenges they will face. So it is very important to give children education and explain that they should play a role for their country.”

Nelson Mandela

PART A GENERAL INFORMATION



1 GENERAL INFORMATION

REGISTERED NAME:

National Student Financial Aid Scheme (NSFAS)

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EXTERNAL AUDITORS

Auditor-General of South Africa

2 ABBREVIATIONS AND ACRONYMS

AGSA	Auditor-General of South Africa
ASB	Accounting Standards Board
BBBEE	Broad Based Black Economic Empowerment
BTech	Bachelor of Technology
CAMS	Corporate Access Management Services
CFO	Chief Financial Officer
COBIT	Control Objectives for Information and Related Technology
CPD	Corporation for Public Deposits
DHET	Department of Higher Education and Training
EO	Executive Officer
FET	Further Education and Training
FETC	Further Education and Training College
GRAP	Generally Recognised Accounting Practices
HR	Human Resources
ICT	Information and Communication Technology
MTEF	Medium Term Expenditure Framework
NCA	National Credit Act
NCV	National Certificate (Vocational)
NSFAS	National Student Financial Aid Scheme
PACS	Payment and Collections Services
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
PPPFA	Preferential Procurement Policy Framework Act
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SETA	Sector Education and Training Authority
TR	Treasury Regulation
TVET	Technical and Vocational Education and Training

3 STRATEGIC OVERVIEW

3.1 Vision

NSFAS is a model public entity that provides financial aid to eligible public university and Technical and Vocational Education and Training (TVET) college students from poor and working class families.

3.2 Mission

To transform NSFAS into an efficient and effective provider of financial aid to students from poor and working class families in a sustainable manner that promotes access to, and success in, higher and technical and vocational education and training in pursuit of South Africa's national and human resource development goals.

The mission statement is made up of three distinct elements which describe why NSFAS exists, what it does, and its impact on its constituency.

- NSFAS exists to provide financial aid to eligible students at public TVET colleges and universities.
- NSFAS identifies eligible students, grants loans and bursaries and collects student loan repayments to replenish the funds available for future generations of students.
- NSFAS supports access to, and success in, higher education and training for students from poor and working class families who would otherwise not be able to afford to study.

NSFAS is responsible for:

- Receiving student financial aid funds from government and other sources
- Distributing loans to qualifying students at public universities
- Distributing bursaries to qualifying students at public universities
- Distributing bursaries to qualifying students at public TVET colleges

3.3 Values

External Values for our Students and Stakeholders

Accessibility	Creating an environment that allows efficient, effective and direct access to NSFAS and the funding it provides to eligible students
Transparency	We are open and honest with students and stakeholders
Affordability	We offer affordable solutions for students to study at universities and TVET colleges
Reliability	We honour our commitments and strive to deliver on all that we do
Authenticity	We protect our students and stakeholders by offering quality services and information

Internal Values for our staff and organisation

Integrity	We act with integrity towards all stakeholders and support clients that uphold the same values
Accountability	We take responsibility for our actions and roles that drive performance management
Respect	NSFAS treats its people with respect and fairness
Innovation	We strive to innovate in communicating with and serving students

4 LEGISLATIVE AND OTHER MANDATES

The National Student Financial Aid Scheme (NSFAS), was established in terms of the NSFAS Act (Act 56 of 1999), as amended. In terms of the Act, NSFAS is responsible for the allocation of student financial aid funds to the 25 public universities and 50 TVET colleges and for the administration of loans and bursaries to students at these public institutions. The Act also mandates the entity to recover student loans and to raise funds for student loans and bursaries.

In addition to managing funds granted by the Department of Higher Education and Training (DHET), NSFAS administers funding on behalf of the Department of Basic Education and the Department of Social Development, amongst other national and provincial government departments.

Constitutional mandate

The Bill of Rights in section 29 states:

Education

(1) Everyone has the right -

- to a basic education, including adult basic education; and
- to further education, which the state, through reasonable measures, must make progressively available and accessible.

(2) Everyone has the right to receive education in the official language or languages of their choice in public educational institutions where that education is reasonably practicable. In order to ensure the effective access to, and implementation of, this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account;

Equity, practicability, and the need to redress the results of past racially discriminatory laws and practices.

NSFAS contributes to the attainment of the rights contained in section 29 of the Constitution by assisting students from poor and working class families to access post-school education and training, thereby redressing the results of past racially discriminatory laws and practices.

In addition to its own legislation, NSFAS is required to comply with the following laws and regulations:

- Public Finance Management Act (Act 1 of 1999)
- National Credit Act (Act 34 of 2005)
- Treasury Regulations for departments, trading entities, constitutional institutions and public entities.

5 FOREWORD BY THE CHAIRPERSON

We dedicate this Annual Report to former President Nelson Rolihlahla Mandela in recognition of his life-long commitment to fighting for the democratic right to education of all South Africans.

In 2013, as we celebrated the life, and marked the passing, of our former president, we also celebrated 20 years of democracy. The National Student Financial Aid Scheme (NSFAS) was established in 1999 by the first democratic Parliament and is a dividend of the democracy for which Madiba struggled throughout his life. During the 20 years of democracy, NSFAS has assisted 1,4 million students, most of them the first in their families, to attend college or university.

In presenting the 2013/14 Annual Financial Statements, I am pleased to show that NSFAS has achieved an unqualified audit for the fourth successive year. Following the Disclaimer of Opinion by the Auditor-General in 2010, NSFAS has achieved one of the goals set by the current board, which was to establish good governance and financial accountability. This has been achieved through the collective efforts of the board and its committees, working together with the staff of the entity and supported by the Minister and Department of Higher Education and Training (DHET). I wish to express my gratitude to all those who have given their time, expertise and guidance to assist us in reaching this goal.

The full board was in place during the financial year, with two new appointments to replace members whose terms had come to an end, and one member being re-appointed for a second term. The board members representing the National Treasury and the DHET resigned and new representatives were appointed. The five committees of the board, the Executive, Finance, Audit and Risk, Human Resources and Remuneration, and Information, Communication and Technology committees, continued to perform their functions.

In the year under review, the transformation of NSFAS began with the introduction of a student-centred model of financial aid. In October 2013, we successfully migrated all of the student loan data to our new loan management system, and in the last quarter of the year, the new model was introduced at universities and colleges selected to participate in the pilot phase in 2014. For the first time since the establishment of NSFAS, we have a direct relationship with students. Going forward, we will be able to ensure that financial aid is reaching the intended beneficiaries and to fully account for the financial aid provided to and used by these students.

The year ahead will see the student-centred focus of NSFAS being further developed and implemented to enable NSFAS to assist students from poor and working class families to realise the constitutional right of all South Africans to access education.



Zamayedwa Sogayise

Chairperson

May 2014

"I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I hope to live for and to achieve. But if needs be, it is an ideal for which I am prepared to die."

Nelson Mandela, Rivonia Trial statement from the dock, 1964



"I feel morally obligated to the South African government and the people of South Africa for educating me for free through the National Student Financial Aid Scheme."



Mukovhe Morris Masutha

I am the founder and Chief Executive Officer of the Thusanani Foundation. Thusanani is a youth-led, non-profit organisation that aims to bridge the educational information gap between rural high school learners and their urban counterparts through a four pillar holistic approach to learner development.

I have a BA in Economic Geography and a BSc Honours in Development Planning and Environmental Management from the University of the Witwatersrand. In 2010, I was elected Chairperson of the South African Students Congress and President of the Students Representative Council at Wits.

I recently completed my MSc in Small Enterprise Development and Local Economic Development at the University of Johannesburg. Despite my academic background in sustainable development, I have a passion for educational development, particularly improving the quality of education and the conditions of teaching and learning in rural areas. As well as volunteering at the Thusanani Foundation, I serve on the board of Green Schools SA, a sustainable development, community-based organisation that provides renewable energy solutions to socio-economically marginalised communities. I also sit on the Wits University Council for Readmissions Committee as an alumnus.

I feel morally obligated to the South African government and the people of South Africa for educating me for free through the National Student Financial Aid Scheme. I am now a prospective PhD candidate at Georgia State University in the United States of America.

6 CHIEF EXECUTIVE OFFICER'S REPORT

The National Student Financial Aid Scheme (NSFAS) is a Public Finance Management Act schedule 3A public entity reporting to the Department of Higher Education and Training (DHET). NSFAS is incorporated under the National Student Financial Aid Scheme Act of 1999.

The mandate of NSFAS is based on four broad pillars: to provide loans and bursaries to eligible students in post-school education according to agreed criteria; to raise funding for loans and bursaries; to collect all loans that are due; and to advise the Minister of Higher Education and Training on matters related to student financial aid.

During the course of the year under review, NSFAS received funding from various sources. The major contributor was the DHET followed by the Department of Basic Education and the National Skills Fund. There was a significant increase in funding from the Sector Education and Training Authorities in the past year. Various other government departments and agencies also provide loans and bursaries through NSFAS.

This year NSFAS introduced a student-centred model, in which we have a direct relationship with students. The new systems went live in October 2013, followed by the piloting of the student-centred model during the registration period at the start of the 2014 academic year. This change will have a lasting impact on the service that NSFAS offers to students. It will provide us with an opportunity to measure the quality and timeliness of delivery to the main NSFAS stakeholders, the students. The system enables students to conclude and sign loan and bursary agreement forms online and has been of great benefit to both students and NSFAS. It reduces the error rate on agreement forms and also reduces the processing of millions of documents by the NSFAS office.

The sBux system for distributing student allowances through cellphone vouchers was tested with a limited number of institutions in 2013 and was rolled out as part of the pilot programme in 2014. The system provides NSFAS with the ability to drill down and understand in detail the spending trends of students. This will assist in the research to determine an appropriate allowance structure to enable students to succeed in post-school education.

Loans and bursaries

The entity continued to increase spending on loans and bursaries based on increased funding made available by the DHET and various other funders. Disbursements increased by R1 billion from R7,7 billion to R8,7 billion.

The number of students that were funded also increased in line with the increased funding. In 2013, NSFAS provided financial assistance to 416 174 students, 33 231 more than the 382 943 students supported in 2012. The number of students funded at universities in 2013 was 194 923, while the number of students funded at FET colleges was 220 978. This year the number of students funded at FET colleges exceeded the number of students funded at universities for the first time. Increasing costs at universities impacted negatively on the number of students that could be assisted, despite the increase in funding.

This year has seen NSFAS spending over and above the original budget that was made available. The increase was provided mainly from the additional allocation by the NSF. This enabled NSFAS to pay some of the prior period's outstanding fees for students who had been enrolled despite not being able to pay fees. This enabled them to register for the current academic year.

The increase in funding and student numbers is expected to taper off in the next few years unless significant new sources of funding are made available. Funding increases over the Medium Term Expenditure Framework (MTEF) period are expected to be inflation-related. Now that appropriate systems are in place to manage and account for funds managed by NSFAS, the Board and management are engaging with various partners with a view to increasing funding. At the same time, efficiencies in ensuring that financial aid reaches the intended beneficiaries in the correct amounts will contribute to enabling growth of student numbers that can be assisted by the entity.



Administration grant

Spending on the administration grant continues to track the budget more closely. There is a reported surplus in the financial year under review, mainly as a result of projects and spending plans that have been committed but not yet undertaken. Spending on the special grant for the transformation programme has increased during the year in line with delivery on the project. The transformation budget was a once-off allocation to enable NSFAS to implement the student-centered financial aid model. The programme is expected to be embedded into normal operations during the course of the 2014/15 financial year. A request to roll over these committed funds has been approved by the National Treasury and the DHET.

Capacity constraints and challenges

The major capacity constraint affecting NSFAS is still related to human capital. This is against the backdrop of a significant increase in headcount to fully support a transformed entity. The focus has been to recruit personnel in the areas of Information and Communication Technology and Operations. There is now a full complement of executives and the next drive is to fill various senior and middle management positions that remain vacant. Additional financial resources have been provided by the DHET in order to support the implementation of the transformation programme.

New or proposed activities

NSFAS continues to drive new projects together with the DHET that will result in more funding being available to eligible students. These interventions emanate from the report of the Ministerial Review Committee on NSFAS, and include a plan to obtain funding for the “missing middle”. The plan is to continue engagements with the Government Employees Pension Fund, the Public Investment Corporation and various other interested parties that could assist in developing an appropriate funding instrument for students who have working parents who cannot afford post-school education. A renewed focus is also being placed on increasing recoveries from employed former students. This campaign will result in making more funding available for current students.

NSFAS continues to focus on improving the internal control environment. This is being driven by implementing new policies and ensuring compliance through detailed procedures. The result has been a marked decrease in expenditure that has been classified as irregular. The stated intention of the Board is to reduce this to zero and management is putting in every effort to achieve this.

Audit report matters

An audit improvement plan was drawn up under the guidance of the Board and its sub-committees to address issues raised by the Auditor-General during the previous financial year audit. The action plans are monitored by management, internal audit and the Audit and Risk Committee of the Board. There has been a notable improvement in the areas of concern as a result of strengthening the internal audit environment. This has been achieved against the backdrop of the change from the old loan management system to the new suite of systems that form part of the new student-centred model.

I would like to extend a word of appreciation to all employees of NSFAS who toil to ensure students receive a quality service. I would also like to thank the Board under the guidance of the Chairperson, Mr Zamayedwa Sogayise, for the counsel they continue to give as we traverse uncharted waters. I would also thank the ICT committee of the Board, under the guidance of Dr Tim Brown, for providing the necessary support and guidance during the change period, the NSFAS executive management team and the transformation programme team that saw us through this change process.



Msulwa Daka
Executive Officer
July 2014



Thashlin Govender

Success comes from grit – and plenty of helping hands along the way.

When I reflect on my matric year, there was so much concern and uncertainty as to how I would pay for my studies after school. Had it not been for my grandmother, who paid for my registration fees at Durban University of Technology (DUT) with her savings from her social grant, and the National Student Financial Aid Scheme, I would not have been able to achieve any of my dreams.

My grandmother, NSFAS and other bursary programmes allowed me a chance to succeed as a matter of course, not luck. I went on to complete three Masters Degrees at DUT, Cape Peninsula University of Technology and Stellenbosch University. I also have a PhD in Epidemiology from Stellenbosch University.

While there remain many opportunities and a lot of work to improve our higher education system, NSFAS has without any doubt provided a chance for so many South Africans who would otherwise not have made it to FET colleges, universities and universities of technology. NSFAS has been that helping hand to many, and has given hope to many young South Africans and their families.

Today, my work as Programme Director of the Dell Young Leaders Programme allows me to create an impact on the higher education sector and to level the playing field for financially disadvantaged, but talented, young South Africans who are determined to improve their lives. Even after 20 years of our democracy, a considerable amount of work remains to make certain that every young South African has the opportunity to pursue further studies after matric, and to feel adequately supported while doing so.

The journey to graduation is never easy, and transitioning into the world of work is even tougher. Through students receiving the necessary academic, psychosocial and career development support at university, I believe that graduation rates will improve, providing more skilled candidates for the workplace, which ultimately will play a huge role in building the South African economy.

“NSFAS has been that helping hand to many, and has given hope to many young South Africans and their families.”



“All students on the Programme are first-generation university students and greatly value the support of NSFAS and the Michael & Susan Dell Foundation.”



Graduate Bachelor of Business Science in Management Studies
Mikhongelo Rikhotso with his family

Dell Young Leaders Programme

The Dell Young Leaders Programme works with exceptional South African students who have a track record of overcoming adversity, and who show the potential to become leaders in their professional lives and communities. All of the students are recipients of NSFAS financial aid.

Each year, 100 NSFAS students are chosen to participate in the programme, which to date, has supported 365 NSFAS students. In 2013, the programme celebrated its first cohort of graduates, of which 93% have been placed in top-tier corporate firms or are studying further.

By offering comprehensive academic, psychosocial and career preparedness support, the Dell Young Leaders Programme supports NSFAS students to graduate and find meaningful employment in their chosen professions. As part of the programme, all Dell Young Leaders enter the professional workforce with the advantage of deliberate and holistic work readiness training.

All students on the Programme are first-generation university students and greatly value the support of NSFAS and the Michael & Susan Dell Foundation.

“Education is the great engine of development.”

Nelson Mandela

PART B PERFORMANCE INFORMATION



1 STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION for the year ended 31 March 2014

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of the public entity for the financial year ended 31 March 2014.

The NSFAS performance information for the year ended 31 March 2014 has been examined by the Auditor-General whose report is presented on page 44 to page 47.

The performance information of the entity set out on page 15 to page 22 was approved by the Board of NSFAS.



Msulwa Daka
Executive Officer
August 2014

2 STRATEGIC GOALS

STRATEGIC GOAL 1	AN EFFICIENT AND EFFECTIVE PUBLIC ENTITY IN STUDENT FINANCIAL AID AND ADMINISTRATION
GOAL STATEMENT	Develop a comprehensive policy, procedure and governance framework (in line with the ministerial review of 2009) to support the new transformation strategy by 30 June 2012 and implement by 31 March 2013.
	Achieve a competency-based people model that attracts, develops and retains appropriate talent by 31 March 2013 through a comprehensive skills audit and gap analysis.
	Implement an agile, fully integrated information technology and organisational systems architecture by 31 March 2013 to support NSFAS's new operating model and loan management system.
	Plan and implement effective and efficient processes and operations to ensure stakeholder objectives are achieved by 31 March 2013.
PERFORMANCE INDICATOR	NSFAS RECEIVES AN UNQUALIFIED AUDIT REPORT ANNUALLY

target met ■
target not met ■
not applicable ■

3 PREDETERMINED OBJECTIVES

3.1 Programme One: Administration

STRATEGIC GOAL 2	ACCESS, SUCCESS AND PROGRESSION TO CONTRIBUTE TO IMPROVING BOTH THROUGHPUT AND PASS RATE
GOAL STATEMENT	Increase access to funding for eligible students by creating a student-centred loans and bursaries model through improved marketing and communications support for students and a central applications process via regional offices by 31 March 2013.
PERFORMANCE INDICATOR	INCREASED TOTAL NUMBER OF STUDENT LOANS AND BURSARIES

STRATEGIC GOAL 3	IMPROVED STUDENT FINANCIAL AID ENVIRONMENT
GOAL STATEMENT	Increase the pool of funds available for student loans and bursaries and maximise the recovery of outstanding loans from all eligible debtors by 30 June 2012. Expand the number of eligible students by developing policy recommendations for new student segments and other related financial aid innovations by 30 June 2012.
PERFORMANCE INDICATOR	INCREASED TOTAL NUMBER OF STUDENT LOANS AND BURSARIES

PREDETERMINED OBJECTIVES

Programme 1: Administration						Status
No.	Strategic	Objective Statement	Performance Indicator	Annual Target	Audited Performance (2012/13)	Reason for Variance
1.1	Improve NSFAS governance to ensure full compliance with Government legislation and regulations.	Establish a policy and related governance framework (informed by ministerial review of 2009, as guided by the new board & by the new strategy framework).	NSFAS complies with all applicable legislation and regulations and receives no adverse reports with respect to any of these.	100% Compliance.	Partly met.	Due to the scheduled change over to the new loans and bursaries management system at the beginning of October 2013, the NCR Statistical Returns (Forms 39 and 40) for the third quarter were submitted after the due date. The NCR was informed that the reports would be submitted after the due dates. Progress with obtaining positive consent is dependent on NSFAS having the correct debtor contact information. The statements module in the new loans and bursaries management system was not ready to be implemented as system refinements were being conducted to optimise the issuing of statements. Inadequate monitoring by SCM to ensure that the required processes are followed and that the required documentation is obtained and filed.
						Target not met. Compliance with the National Credit Act Quarterly NCR statistical return (Form 39) submitted on time in Quarter 1, 2 and 3, but submitted after the due date in Quarter 4. NCR Form 40 submitted after the 30 September deadline. NSFAS was not in compliance with the NCA in terms of the requirement for positive consent for debtor payroll deductions. The project to obtain positive consent from repaying debtors continued during the year with 53.28% of repaying debtors having given positive consent by 31 March 2014 compared with 23.85% in April 2013. No new deductions have been implemented without the prior positive consent of debtors. Quarterly statements were not sent to debtors in Quarters 1, 2 and 3. Statements were sent to only 10 000 debtors in Quarter 4. Compliance with the PFMA and National Treasury Regulations All PFMA requirements in terms of submission of Annual Financial Statements and Annual Report for the financial year ended 31 March 2013 were met. Irregular expenditure amounting to R207 000 was incurred during the financial year, a decrease from R6.6 million in the prior year. R87 000 in irregular expenditure related to three suppliers in respect of which the PPPFA was not applied, while R120 000 relates to procurement from a number of small suppliers without the required number quotations having been obtained. Compliance with the National Treasury Framework for Strategic and Annual Performance Planning All requirements in terms of the submission of the Annual Performance Plan for the 2014/15 financial year were met. Compliance with Skills Development Act Workplace Skills and Annual Training Report submitted to BANKSETA before due date of 30 June 2013. Compliance with Protection of Personal Information legislation Information Security Strategy incorporates NSFAS plan protection of personal information.

target met
target not met
not applicable

Programme 1: Administration							
No.	Strategic	Objective Statement	Performance Indicator	Annual Target	Audited Performance (2012/13)	Actual Performance	Reason for Variance
1.2	Ensure each functional unit has a congruent policy and procedures manual so that individual roles and delegations are firmly instilled.	Define new policies, refine existing policies in line with the stated policy and related governance model and develop an appropriate delegations matrix that is informed by the policies.	All new procedures implemented by 31 March 2014.	New procedures fully implemented in all NSFAS functional units.	Partly met.	Target met. All standard operating procedures for the new operating model drafted, tested and implemented. New procedures fully implemented in all functional units with the new loans and bursaries management system becoming operational on 7 October 2013.	None.
1.3	Improve the governance system to provide a smooth transition from the old to new policy framework.	Approve and implement the new policies, including the communication and education thereof through a series of workshops and formal communications.	Implementation of 25% of new policies reviewed and required policy refinements done by 31 March 2014.	Policy implementation monitored for effectiveness and refinements effected.	Partly met.	Target met. Finance SCM policy under review. Credit Credit & collections policy under review. ICT Revised Information Security and Acceptable Use policies approved by the Board on 27 February 2014. HR Code of conduct, Relocation, and Substance Abuse policies approved by the Board on 27 February 2014. Employee Assistance, Local Travel and Subsistence, Cell Phone Allowance, and Recruitment and Selection policies reviewed and presented to Board on 27 February 2014; referred back for refinement.	None.
1.4	Integrate the new policy into the performance management framework so that executive management and employees are accountable for delivering on the policy.	Create and design policy metrics to be built into the organisational and staff contracts so that accountability can be assigned.	New performance framework.	Employee performance assessed against new performance framework metrics.	Partly met.	Target not met. Performance assessments were not conducted in all quarters. Not all staff members were assessed.	The organisational restructuring project and migration to new systems meant that not all assessments could be conducted. Focus was placed on change management activities. The performance management system is being revived and implemented for the financial year 2014/15.

target met
target not met
not applicable

Programme 1: Administration							
No.	Strategic	Objective Statement	Performance Indicator	Annual Target	Audited Performance (2012/13)	Actual Performance	Reason for Variance
1.5	Ensure staff have the appropriate skills and competency base to fulfil its vision and mission.	Develop a new Competency and skills based framework to support the newly defined processes and related operating model by 31 December 2012.	Training requirements for all staff identified during performance assessment process by 31 December 2013.	Ongoing competency improvement plan implemented.	Partly met.	Target not met. Initial training requirements were identified by means of individual Personal Development Plans (PDPs) for inclusion in the Workplace Skills Plan. PDPs completed for only 84% of staff by 31 March 2014. A comprehensive in-house training programme was however, implemented over the course of the year for all staff as part of the implementation of the new loans and bursaries management system, covering all new processes and procedures.	The training requirements were not completed for all employees as performance assessments were not conducted for all employees during the year, as reported in 1.4 above. The re-launch of the performance management system will assist in ensuring that training requirements are based on approved PDPs.
1.6	Assess the current level of staff skills and competencies to ensure the newly developed operating model is appropriately supported.	Conduct competency and skills assessment against the newly defined framework and conduct a gap analysis so that any shortcomings and vacancies may be addressed.	Prior year performance target - achieved.	Not applicable - prior year target.	Target met.	Not applicable - prior year target.	Not applicable - prior year target.
1.7	Develop a skilled and trained workforce to provide sustainable delivery.	Develop and implement a workforce transition plan, including re-skilling and training of employees to support the framework and gap analysis.	Staff complete relevant training programmes by 31 March 2014 for all training requirements identified during performance assessments and internship programme evaluated.	Staff complete all identified training programmes and internship programme evaluated.	Target met.	Target met. Staff attended in-house and external training initiatives in various skills areas and other initiatives relating to the implementation of the new operating model which constituted more than 25% of training planned for the year.	None.

target met
target not met
not applicable

Programme 1: Administration							
No.	Strategic	Objective Statement	Performance Indicator	Annual Target	Audited Performance (2012/13)	Actual Performance	Reason for Variance
1.8	Develop an organisational IT reference architecture to support and enable the new operating model.	Develop a logical reference IT architecture by 30 November 2012 to support the additional requirements of the new operational model.	Prior year performance target - achieved.	Not applicable - prior year target.	Target met.	Not applicable - prior year target.	Not applicable - prior year target.
1.9	Procure and implement an improved IT system for efficient and effective delivery of services.	Identify, select and implement the IT components as defined in the IT reference architecture, which includes a student relationship management and loan management solution.	New Loans and Bursaries Management System implementation evaluated and refinements effected where required by 31 December 2013.	Refinements identified during evaluation effected.	Target not met.	Target met. The new Phoenix Loans and Bursaries Management System became operational on 7 October 2013. System evaluation and refinements were effected where required.	None.
1.10	Develop and implement procedures for the new operating model to ensure NSFAS fulfils its mandate to students and stakeholders.	Re-engineer existing processes and procedures by implementing a central application process for loans and bursaries by 30 September 2012. Document new competencies, roles and responsibilities in support of the new processes and procedures by 30 September 2012. Develop and implement a new structure in support of the new processes by 31 July 2012. Develop and implement new facilities and infrastructure by 28 February 2013.	Implementation of new processes and procedures reviewed, and refined by 31 March 2014	Reviews completed and revisions approved.	Target not met.	Target met. New processes & procedures, facilities & infrastructure for new operating model implemented. Processes and procedures reviewed and refinements effected.	None.

target met
target not met
not applicable

Programme 2: Student-centred financial aid							
No.	Strategic Objective	Objective Statement	Performance Indicator	Annual Target	Audited Performance (2012/13)	Actual Performance	Reason for Variance
2.1	Improve marketing, communications and support for students and prospective students.	Conduct a socio-economic student segmentation analysis by 31 March 2012 to improve marketing, communications and support for students and prospective students through the preparation of a multi-tier segmentation model. Develop a clearly defined marketing plan supported by a communications strategy to increase the number of students that NSFAS offers financial aid to by 31 March 2012.	At least three targeted new media marketing and communications initiatives per defined student segment by 31 March 2014.	New media campaign targets and reaches each defined student segment.	Target met.	Target not met. Student communication initiatives were conducted in the 3rd & 4th quarters to train students at the pilot institutions colleges on the electronic voucher system for the SBux mobile phone-based payments solution for student allowances.	Student communications initiatives timed to coincide with the new student-centred core loans and bursaries management system model becoming operational at the beginning of the third quarter.
2.2	Develop a student value proposition per segment to service student needs more effectively.	Develop segmentation criteria and complete the segmentation strategy by defining what NSFAS intends to do and achieve per segment by 31 March 2012.	Service impact assessment of student value propositions completed for all defined student segments by 31 December 2013.	Student segmentation and value propositions reviewed and refined where required.	Target not met.	Target met. An sBux pilot student satisfaction survey was conducted on 5-6 December for UWC and CPUT students. sBux student support is on-going at pilot institutions.	None.
2.3	Create a central applications process (CAP) through regional offices and other appropriate channels of delivery.	Develop a student service delivery model (including a student relationship management model) through a central applications office to allow "direct to student channels" and increased transparency of internal systems and processes by 30 September 2012.	Learners/students in three regions able to apply for funding through CAP by 30 September 2013.	Central applications process implemented in 3 regions.	Partly met.	Target met. The Central applications process was developed & became functional on the NSFAS website on 10 October 2013, with 12 institutions in 7 Provinces: (KZN - Durban University of Technology, EC - Nelson Mandela Metropolitan University, NC - Sol Plaatje University, WP - University of Cape Town, MP - University of Mpumalanga, GP - University of South Africa & LP - University of Venda). The University of Cape Town later pulled out of the project by mutual agreement with NSFAS.	None.

3.2 Programme Two: Student-Centred Financial Aid

 target met

 target not met

 not applicable

Programme 2: Student-centred financial aid							
No.	Strategic Objective	Objective Statement	Performance Indicator	Annual Target	Audited Performance (2012/13)	Actual Performance	Reason for Variance
3.1	Raise new funding for under graduate study, for targeted student programmes, including the "missing middle".	Increase the pool of funds (by 20% of existing capital) available to NSFAS by 30 June 2012 through formal discussions with donors and feedback of performance and needs.	Two new funding sources confirmed for targeted under-graduate student programmes by 31 December 2013.	New funding sources identified and funding confirmed for the 2014 academic year.	Target not met.	Target met. By the end of the first quarter commitments have been received from 16 SETAs to provide additional bursary funding amounting to R390 million for the 2013 academic year. In total 19 new funding sources have been confirmed through signed MOUs with the Department of Defence and Military Veterans and the Sector Education and Training Authorities listed below: Services SETA, MERSETA, EWSETA, FASSET, ETD, SETA, FP&M SETA, MICT SETA, Bank-SETA, AgriSETA, SaSSETA, CHIETA, HWSETA, LGSETA, PSETA, INSETA, TETA, CETA, W&R SETA.	Target over-achieved due to specific targeted campaign by the DHET to get more SETAs to provide student financial through NSFAS.
3.2	Maximise recovery of outstanding loans from all eligible debtors employed in both the formal and informal sectors of the economy.	Increase the capital recoveries from 5% to 10% by 31 March 2013 through implementation of the new operating model and debtor tracking project to ensure recoveries are maximised.	15% year-on-year increase in recoveries from debtors achieved by 31 March 2014.	Recoveries of R600 million achieved.	Target not met.	Target not met. Monthly recoveries have decreased due to the number of loans being fully paid up on a monthly basis not being matched by the number of new payroll deductions effected. Total recoveries of R372,3 million achieved, comprising: - Repayments from debtors = R338,8 million - Credit balances received from institutions = R33,5 million	Progress with contacting debtors whose loans are due for repayment in terms of the NSFAS credit policy has been slow due to the poor quality of debtor contact data from prior years. As more reliable data is obtained debtors are contacted to obtain positive consent for repayments.
3.3	Develop a new programme for unfunded courses of study.	Develop a new programme and recommend to the DHET by June 2012.	BTech funding programme implemented in all universities of technology offering the qualification from 1 April 2013.	BTech funding programme implemented, monitored and evaluated.	Target not met.	Target not met. The BTech programme was not implemented.	BTech programme funding could not be secured.
3.4	Develop a new product for specific targeted student segments.	Develop a new product offering and recommend to the DHET by June 2012.	Funding model implemented successfully by 31 December 2013.	Upfront payment of 30% of total funding allocation made to each FET college by 28 February 2013 with matching claims by 30 June 2013.	Partly met.	Target met. Upfront payment of 30% was made to all FET colleges. Claims representing 67% of the total allocation for FET colleges were received by 30 June. By the end of the reporting period utilisation was at 109% for NC(V) courses and 101% for Report 191 courses.	None.

“Young people must take it upon themselves to ensure that they receive the highest education possible, so that they can represent us well in future as future leaders.”

Nelson Mandela

PART C

GOVERNANCE



Governance

1 Introduction

NSFAS corporate governance embodies the processes and systems by which it is directed, controlled and held to account. In addition to the legislative requirements of the National Student Financial Aid Scheme Act (Act 56 of 1999), corporate governance is applied through the Public Finance Management Act (PFMA) (Act 1 of 1999) and incorporates the principles contained in the King Report on Corporate Governance.

2 Portfolio Committee

The Parliamentary Portfolio Committee on Higher Education and Training (PCHET) exercised its oversight role by evaluating the performance of NSFAS. The PCHET interrogated the Annual Financial Statements, the Annual Performance Plan and budget, and other relevant documents during the financial year under review.

The key issues raised by the Portfolio Committee were utilisation of funds provided for student financial aid; the number of students assisted in the provision of student loans and bursaries, and the breakdown of funding between universities and further education and training colleges. NSFAS was not required to appear before the Standing Committee on Public Accounts (SCOPA) during the year under review.

The National Council of Provinces Select Committee on Education and Recreation invited NSFAS to appear before it on one occasion during the year to present its annual report.

3 Executive Authority

Oversight by the Executive Authority was exercised throughout the year in terms of the PFMA. During 2013 the Executive Authority filled vacancies on the Board in compliance with the NSFAS Act.

The reports shown in the table below were submitted to the Executive Authority throughout the year and regular engagements took place on the utilisation of funds by universities and colleges. Interventions in the system to address issues such as the shortage of funding for loans at particular universities or the provision of allowances to students at colleges resulted from these reports and engagements.

4 The NSFAS Board

The accounting authority of NSFAS is the Board. In terms of the NSFAS Act, the Board must consist of 14 members, including the Executive Officer who may not vote on issues being considered by the Board. The Board may co-opt four additional members. The total number of Board members is 18.

Board Committees

The NSFAS Act requires the Board to establish a minimum of two committees, namely an Executive Committee and a Finance Committee. In order to attend to its duties effectively, the Board of NSFAS has established three other committees, an Audit and Risk Committee, Human Resources and Remuneration Committee and an Information and Communications Technology Committee.

The NSFAS Board has been graded for remuneration purposes by the National Treasury Central Evaluation Committee as Sub-category B1 of the service benefit packages for office bearers of certain statutory and other institutions.

Board Meetings

Name	Total
Zamayedwa Sogayise (Chairperson)	4
Tim Brown	5
Julia de Bruyn	4
Rob Dorrington	4
Spencer Janari	1
Nathan Johnstone	5
Thabo Moloja	4
Shai Makgoba	3
Dumisani Mathonsi	5
Sibongile Masinga	4
Kirti Menon	2
Kelebogile Mohajane	2
Themba Mosia	5
Ntombizodwa Ndhlovu	4
Yershen Pillay	5
Zozo Siyengo	5
Stephen Smith	4
Pearl Whittle	2

Board Executive Committee Meetings

Name	Total
Zamayedwa Sogayise (Chairperson)	6
Nathan Johnstone	4
Shai Makgoba	4
Sibongile Masinga	2
Kirti Menon	3
Kelebogile Mohajane	5
Pearl Whittle	2

Board Finance Committee Meetings

Name	Total
Nathan Johnstone (Chairperson)	5
Julia de Bruyn	3
Spencer Janari	0
Thabo Moloja	4
Shai Makgoba	4
Kirti Menon	3
Zamayedwa Sogayise	5
Pearl Whittle	1

Audit and Risk Committee Meetings

Name	
	Total
Stephen Smith (Chairperson)	5
Phillip Benade	1
Ruth Benjamin-Swales	3
Rob Dorrington	6
Shai Makgoba	3
Ntombizodwa Ndhlovu	6
Theuns Tredoux	6
Pearl Whittle	3
Gavin Woods	4

Human Resource and Remuneration Committee Meetings

Name	
	Total
Sibongile Masinga (Chairperson)	3
Amanda Glaeser	3
Dumisani Mathonsi	4
Yershen Pillay	1
Zozo Siyengo	3

Board ICT Committee Meetings

Name	
	Total
Tim Brown (Chairperson)	8
Quenten Friday	8
Nathan Johnstone	8
Lessing Labuschagne	1
Sibongile Masinga	4
Themba Mosia	0

Board Appointments	
Zamayedwa Sogayise (Chairperson)	Appointed 15 December 2010
Tim Brown	Co-opted 1 March 2013
Msulwa Daka (Executive Officer)	Appointed 1 February 2013
Julia de Bruyn	Appointed 1 August 2013
Rob Dorrington	Appointed 24 June 2011
Spencer Janari	Appointed 30 January 2007 - Resigned 31 July 2013
Nathan Johnstone	Re-appointed 29 April 2013
Shai Makgoba	Appointed 15 July 2011 - Resigned 31 October 2013
Sibongile Masinga	Appointed 24 June 2011
Dumisani Mathonsi	Appointed 24 June 2011
Kirti Menon	Co-opted 28 July 2011 - Resigned 21 October 2013
Kelebogile Mohajane	Appointed 24 June 2011
Thabo Moloja	Appointed 29 April 2013
Themba Mosia	Appointed 24 June 2011
Ntombizodwa Ndhlovu	Appointed 24 June 2011
Yershen Pillay	Appointed 29 April 2013
Zozo Siyengo	Appointed 24 June 2011
Stephen Smith	Co-opted 15 December 2010
Pearl Whittle	Appointed 1 November 2013

	Salary or Fee Amounts in Rand thousand	Retirement fund contributions	Medical aid	Other	Total packages 2014	Total packages 2013
Meeting fees	614	-	-	-	614	216
Travel and accommodation	-	-	-	598	598	499
Exit strategy	130	-	-	-	130	1,451
	744	-	-	598	1,342	2,166

5 Compliance with laws and regulations

NSFAS is required to comply with the following laws and regulations:

- Public Finance Management Act (Act 1 of 1999)
- NSFAS Act (Act 56 of 1999)
- National Credit Act (Act 34 of 2005)
- Treasury Regulations for departments, trading entities, constitutional institutions and public entities.

All the relevant legislation was considered and the entity was found to comply.

6 Fraud and Corruption

NSFAS has a fraud prevention plan approved by the Audit and Risk Committee of the Board. No cases of fraud or corruption were reported or investigated.

7 Minimising Conflict of Interest

No cases of conflict of interest were identified.

8 Code of Conduct

NSFAS developed a Code of Conduct and implemented it throughout the organisation in the year under review. The Code provides details of the process to be followed for a breach of the Code.

9 Health, Safety and Environmental Issues

NSFAS previously occupied premises in Wynberg, Cape Town, which presented a health and safety risk to the entity in that they were inadequate for the number of personnel required to carry out the operations, and did not provide adequate sanitation and other facilities. New premises which comply with the relevant health, safety and environmental standards, were occupied in 2013.

10 Board Secretary

NSFAS does not employ a company secretary as it is not required to lodge reports or returns in terms of the Companies Act. The Board Committee Officer serves as the secretariat of the Board and its committees.

11 Report of the Audit and Risk Committee

The Audit and Risk Committee is an independent committee appointed by the Board of NSFAS. The committee has adopted and complies with formal terms of reference that have been approved by the Board. The committee confirms that it carried out its functions responsibly and in compliance with its terms of reference for the period under review.

Membership, meeting attendance and assessment

In terms of the Public Finance Management Act, (PFMA), this committee must consist of at least three persons of whom:

- (i) one must be from outside the public service;
- (ii) the majority may not be persons in the employ of the department, except with the approval of the relevant treasury; and
- (iii) the chairperson may not be in the employ of the department;

In terms of the PFMA, the Audit and Risk Committee must meet at least twice a year. During the year under review, six meetings were held.

Name	Total
Stephen Smith (Chairperson)	5
Phillip Benade	1
Ruth Benjamin-Swales	3
Rob Dorrington	6
Shai Makgoba	3
Ntombizodwa Ndhlovu	6
Theuns Tredoux	6
Pearl Whittle	3
Gavin Woods	2

The Chairperson of the Board, Executive Officer, Chief Financial Officer, Chief Information Officer, auditors and other assurance providers attend meetings by invitation.

Ms Ruth Benjamin-Swales joined the committee on 1 August 2013. Ms Pearl Whittle replaced Mr Shai Makgoba as the DHET representative with effect from 1 November 2013. Prof Gavin Woods resigned from the committee in January 2014, due to additional workload following his appointment as a Public Service Commissioner. Mr Phillip Benade also resigned from the committee in May 2014.

Governance

The Audit and Risk Committee continually assesses the governance of the entity. In line with its mandate, the Board embraces the principles of the King III Code. All relevant legislation was considered and the entity was found to be in substantive compliance.

Internal Controls (including financial controls)

Section 51(a)(i) of the Public Finance Management Act (PFMA), No 1 of 1999, requires Accounting Authorities to establish and maintain effective, efficient and transparent systems of financial, risk management and internal controls to enable amongst other matters, the production of annual financial statements per section 55 of the PFMA. To this end, section 55(1)(a) requires the keeping of "full and proper records".

The Board has taken extensive steps to ensure continued compliance with the above by adopting COBIT as the ICT Governance Framework and implementing new ICT Infrastructure in 2013 as part of its compliance strategy. Having been through due process, management proceeded with the implementation of a new loan management system in October 2013. These new systems include the ability for NSFAS to interface with external systems such as South African Social Security Agency and Department of Home Affairs amongst others and for students to apply directly for a NSFAS loan for the first time.

The Audit and Risk Committee requested management to commission additional independent assurance provision relating to the new operating control environment. This was conducted in two phases: (1) an assessment of the risk environment post the system conversion in October 2013, and a detailed analysis, testing and monitoring of the control environment affecting the preparation of annual financial statements during year-end. In total, assurance provision included the

involvement of four independent accounting firms across specific focal areas involved in financial reporting, including: data analytics, data attestation, financial control environment testing and monitoring, and actuarial valuation of the loan book.

Assumption setting for the 2014 loan book valuation has undergone a periodic review to ensure that refined data and assumptions towards recognising, measuring, presenting and disclosing loan instruments is maintained and improved. The Audit and Risk Committee is satisfied that there has been a thorough, independent process to ensure that the result provides NSFAS stakeholders with an objective and verifiable outcome.

NSFAS's internal control system is designed to ensure the integrity and reliability of financial information, compliance with applicable laws and regulations, the accomplishment of objectives, economy and efficiency of operations, and the safeguarding of assets. While transitioning to the new operating environment and policies is yet in progress, the Audit and Risk Committee is satisfied that NSFAS's system of internal financial controls is adequately designed and applied to form a sound basis for the preparation of reliable financial reports. Improvement is required in the reporting of non-financial performance. This assessment is based on reports from external audit, internal audit, independent assurance providers and management.

The Committee has accordingly reviewed the accounting policies and the financial statements of the entity and is satisfied that they are appropriate, comply with generally recognised accounting practice standards and fairly represent the affairs of NSFAS.

The Committee has reviewed the Auditor-General's management report and management's response thereto. We are of the opinion that the issues raised are correctly identified. The Committee has also met with the Auditor-General to ensure that there are no unresolved issues from the audit.

Management

The Chief Financial Officer (CFO) was appointed to the role of Executive Officer in February 2013. A new CFO was recruited during the 2014 year and the acting CFO was promoted to the position of General Manager to improve leadership depth and continuity in the Finance Department. The Audit and Risk Committee is satisfied with the expertise and experience of the CFO, who has played a meaningful leadership role in the short period since his appointment. The committee is also satisfied with the expertise of senior resources within the Finance Department supporting the CFO.

Information technology

The Committee is satisfied that NSFAS information technology controls are appropriate to support the integrity of the financial reports. This is based on the continuous interaction with the ICT Committee, management, independent assurance providers and external audit.

Risk management

The system of enterprise risk management during the transition process must ensure that a comprehensive mapping and implementation of control activities to mitigate identified risks is in place. Management, under the guidance at the Audit and Risk Committee, commissioned specific additional work during the year as stated above. Better detection and reporting of operational risks is achievable by NSFAS. The Committee monitors and assesses risk for the entity.

Internal audit

In line with the requirements of the PFMA, the Audit and Risk Committee is responsible for ensuring that the entity's internal audit function is independent and has the necessary resources, standing and authority within the entity to enable it to discharge its duties. Furthermore, this committee oversees co-operation between the internal and external auditors, and serves as a link between the Board and these functions. The internal auditors, who were appointed in March 2010, have performed extensive work in the year under review, guided by a risk-based auditing approach. In keeping with sound rotational practice, a tender was awarded effective 1 April 2014 to a new service provider. The committee approved the annual internal audit plan applicable during the period under review.

Bonakele Jomo Jacobs

I was born in Bloemfontein in 1976 in a very challenging environment without the means to pay for my studies. Fortunately for me, there was NSFAS.

I completed a National Diploma in Natural Science Education at the Cape Peninsula University of Technology (CPUT) where I participated in student leadership structures, being elected as General Secretary of the CPUT SRC.

NSFAS paid for my studies and accommodation at CPUT, ensuring that there was never concern about finances for me or my family. It also alerted me to the challenges faced by many indigent students and gave me zeal to fulfil my aspirations. I went on to teach Mathematics for the Western Cape Education Department.

I am now the Administrator at King Hintsa Technical and Vocational Education and Training College in the Eastern Cape.

"NSFAS paid for my studies and accommodation at CPUT, ensuring that there was never concern about finances for me or my family."



“NSFAS assisted me throughout my university years and I never felt unsafe. My parents never had to worry about my financial situation.”



Riaan Visman

I grew up in a beautiful town, situated in the Klein Karoo, called Oudtshoorn. I grew up in a family of 10, so there was never enough money. I excelled academically and was a proud learner. I became the Chairperson of the Peer Counseling Group. The musical Annie, where I played the role of Oliver Warbucks, awoke the sleepy artist in me. I immediately enquired about further studies from various universities and chose the University of Stellenbosch.

My excellent marks landed me a bursary, as my family was not able to assist me financially. Now I have achieved my dream of being a professional actor and I have appeared in many local TV shows.

NSFAS assisted me throughout my university years and I never felt unsafe. My parents never had to worry about my financial situation. My dream is to assist communities who still live in poverty to enable and educate them to become entrepreneurs.

“An educated, enlightened and informed population is one of the surest ways of promoting the health of a democracy.”

Nelson Mandela

PART D HUMAN RESOURCES



HUMAN RESOURCES

1 Introduction

The Human Resources Committee of the Board was strengthened during the year with the addition of new members. Some of the key strategies which received focus this year included implementing a new organisational structure to support the new business model; reviewing skills and updating the performance management framework resulting in new job descriptions and aligning performance measures with organisational performance indicators; implementing the Employment Equity (EE) Plan and EE targets; training all staff to use the new business systems; and drafting various policies including the Code of Conduct and Relocation policy.

These interventions had a significant impact in that they set revised baselines for the organisation as a whole and contributed to the transformation programme. Much effort has gone into drafting a workforce planning framework and developing strategies to attract and recruit a skilled and capable workforce. The organisational structure has increased from 162 to 299 positions in line with the approved plans. Executive and senior management level staff members were appointed and the ICT department's capacity was further consolidated by means of the appointment of 12 ICT specialists to support the new technology platforms. The total growth in the organisations capacity was increased by 39% in 2013.

The Committee guided the development and implementation of revised job descriptions for the positions aligned to the business model and the annual performance plan. The process also included the review of the related processes and procedures, and associated training for staff at all levels.

2 Human Resources Oversight Statistics

The organisation made use of staff in the approved structure, as well as additional staff required as part of implementation of the transformation programme. Variances in the offset between total posts, number of employees and total vacancies are due to utilisation of such staff in addition to the approved structure.

Personnel costs

Programme	Total expenditure for entity (R)	Personnel expenditure (R)	Personnel expenditure as % of total	No. of employees	Average personnel cost per employee (R)
Administration		55 406 981		201	273 474
Transformation		10 455 713		14	746 837
Total		65 862 000		215	304 298

Personnel costs by salary band

Level	Personnel expenditure (R)	% of total personnel expenditure	No. of employees	Average personnel cost per employee (R)
Top management	7 407 946	11.32%	6	1 234 658
Senior management	16 667 705	25.48%	20	833 385
Professional/middle management	10 924 864	16.70%	24	455 203
Skilled	11 435 441	17.48%	38	300 933
Semi-skilled	18 509 697	28.29%	122	151 719
Unskilled	478 397	0.73%	5	95 679
Total	*65 424 050	100.00%	215	304 298

* The difference between the personnel costs figure as disclosed above to the salary band personnel cost is due to accounting adjustments and other personnel administrative costs.

Employment and vacancies

Programme	2012/2013 No. of employees	2013/2014 approved posts	2013/2014 No. of employees	2013/2014 vacancies	% of vacancies
Administration	137	299	211	102	34.1%
Transformation	10	0	14	0	0%
Total	147	299	215	102	34.1%

Programme	2012/2013 No. of employees	2013/2014 approved posts	2013/2014 No. of employees	2013/2014 vacancies	% of vacancies
Top management	4	4	6	1	25.0%
Senior management	15	25	20	12	48.0%
Professional/middle management	11	45	24	21	46.7%
Skilled	32	61	38	32	52.5%
Semi-skilled	80	159	122	36	22.6%
Unskilled	5	5	5	0	0.0%
Total	147	299	215	102	34.1%

The high percentage indicated in the semi-skilled group accounts for seasonal employees' vacancies which are filled annually between May and December each year as part of a strategy to manage peak workloads within operations. Executive and senior management recruitment strategies included open adverts in the media, sourcing via recruiters, and headhunting initiatives. Current vacancies in this category are receiving high priority as part of the recruitment and selection strategy.

Employment changes

Programme	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	4	2	0	6
Senior management	15	11	6	20
Professional/middle management	11	16	3	24
Skilled	33	8	5	38
Semi-skilled	82	101	64	122
Unskilled	5	0	0	5
Total	150	138	78	215

Reasons for leaving

Reason	Number	% of total number of staff leaving
Death	0	0.0%
Resignation	14	17.9%
Dismissal	1	1.3%
Retirement	0	0.0%
Ill-health	1	1.3%
Expiry of contract	61	78.2%
Other	1	1.3%
Total	78	100%

Labour relations: Misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warnings	1
Written warnings	1
Final written warning	0
Dismissal	1
Total	3

Khethelo Richman Xulu

I was born and raised at Edebe Village outside Empangeni in KwaZulu-Natal. The village had no electricity, no running water or sanitation.

In 2005, I applied to study at the University of Zululand and enrolled for a BSc degree, majoring in Biochemistry. My studies were funded by a student loan from the National Student Financial Aid Scheme (NSFAS). I completed the degree in record time and obtained a first class pass.

After finishing my undergraduate degree I wanted another challenge, therefore, I did a BSc Honours degree (Medicine), which I finished in 2010. This one-year degree exposed me to the realities of being a scientist and a researcher. I then enrolled for a Master's degree in Medical Sciences which I finished in 2013 and graduated in 2014. I am currently enrolled for a Doctor of Philosophy degree at Stellenbosch University, majoring in Molecular Psychiatry.

My philosophy is that "there is life before the storm, there is life during the storm and there is life after the storm".



"I enrolled for a BSc degree, majoring in Biochemistry. My studies were funded by a student loan from the National Financial Aid Scheme (NSFAS)."

"I'm very happy, so much so, that I don't even know how to express myself, all thanks to NSFAS."

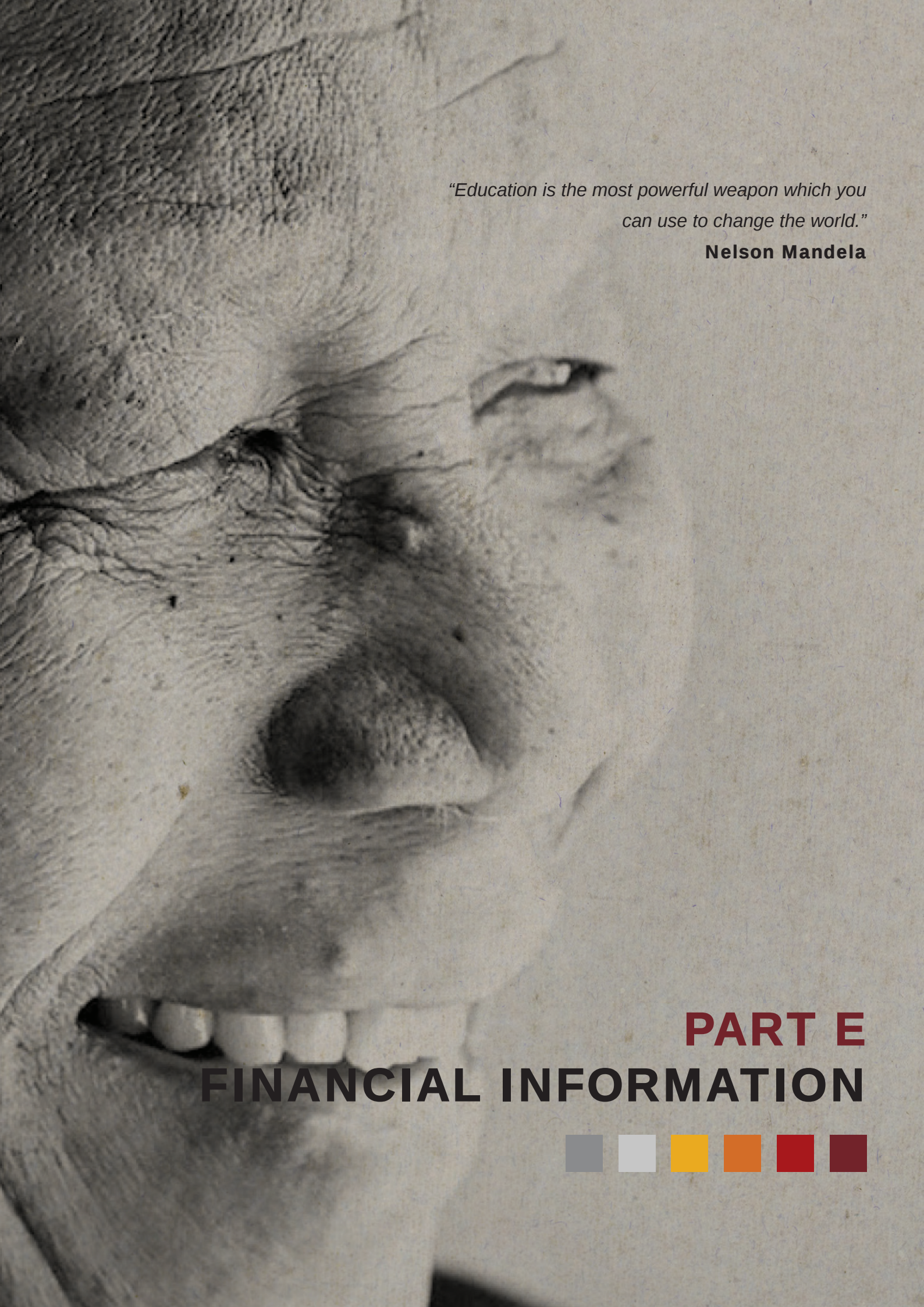


Bulelani Kobe

I proved that everything is possible when I completed a Diploma in Office Management and Technology in 2013 even though I was born without arms and legs.

I am able to do everything an able bodied person can do, including writing and typing. After completing my primary education at a school for children with disabilities in Mthatha, I moved to Vukhambe Special School in Mdantsane. I completed my high school education at Philadelphia School for the physically challenged in Pretoria where I received my matric in 2005.

I studied at Walter Sisulu University with assistance from NSFAS. My bursary paid all of my study costs. My graduation was truly a joyous day. I'm very happy, so much so, that I don't even know how to express myself, all thanks to NSFAS.



*“Education is the most powerful weapon which you
can use to change the world.”*
Nelson Mandela

PART E FINANCIAL INFORMATION



NATIONAL STUDENT FINANCIAL AID SCHEME ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The nature of the activities of the entity is to provide financial assistance in the form of loans or bursaries to eligible students at public higher education institutions and Technical and Vocational Education and Training (TVET) colleges, to administer such loans and bursaries, and to recover the loans from the students once they are employed and earning in excess of R30 000 per annum.
NSFAS Board	Zamayedwa Sogayise (Chairperson) Tim Brown Msulwa Daka (Executive Officer) Julia de Bruyn Rob Dorrington Nathan Johnstone Sibongile Masinga Dumisani Mathonsi Kelebogile Mohajane Thabo Moloja Themba Mosia Ntombizodwa Ndhlovu Yershen Pillay Zozo Siyengo Stephen Smith Pearl Whittle
Registered office	18 - 20 Court Road Wynberg Cape Town 7801
Business address	2nd Floor, House Vincent Wynberg Mews 10 Brodie Road Wynberg Cape Town 7700
Postal address	Private Bag X1 Plumstead Cape Town 7800
Bankers	FNB Corporate Bank (Cape Town) a division of FirstRand Bank Limited
Auditors	Auditor-General of South Africa
Website Address	www.nsfas.org.za



NATIONAL STUDENT FINANCIAL AID SCHEME ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

Index

The reports and statements set out below comprise the Annual Financial Statements presented to Parliament:

Index	Page
NSFAS Board's Statement of Responsibility and Approval	43
Report of the Auditor-General	44-47
Report of the Board members	48-53
Statement of Financial Position	54
Statement of Financial Performance	55
Statement of Changes in Net Assets	56
Statement of Cash Flows	57
Statement of Comparison of Budget and Actual Amounts	58
Accounting Policies	59-71
Notes to the Annual Financial Statements	72-95
<i>The following supplementary information does not form part of the Annual Financial Statements and is unaudited:</i>	
Supplementary Information	96-97

NATIONAL STUDENT FINANCIAL AID SCHEME ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2014

NSFAS Board's Statement of Responsibility and Approval

The NSFAS Board is required by the Public Finance Management Act (Act 1 of 1999), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor-General of South Africa will be engaged to express an independent opinion on the annual financial statements and will be given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The NSFAS Board acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the NSFAS Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is 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 deficit.

The Board has reviewed the entity's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is dependent on the Department of Higher Education and Training for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the Department of Higher Education and Training has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Board is primarily responsible for the financial affairs of the entity, it is supported by the entity's external audit function in assessing the adequacy of controls.

The Auditor-General South Africa is responsible for independently auditing and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 48 to 97, which have been prepared on the going concern basis, were approved by the Board on 30 July 2014 for submission to the Auditor-General of South Africa and were signed on its behalf by:



Zamayedwa Sogayise
Chairperson



Msulwa Daka
Executive Officer

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL STUDENT FINANCIAL AID SCHEME

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the National Student Financial Aid Scheme set out on pages 48 to 97, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the National Student Financial Aid Scheme Act of South Africa, 1999 (Act No. 56 of 1999) (NSFAS Act), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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 and fair presentation 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Student Financial Aid Scheme as at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA and the NSFAS Act.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

8. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of an error discovered during the 2013-14 financial year in the financial statements of the National Student Financial Aid Scheme at, and for the year ended, 31 March 2013.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL STUDENT FINANCIAL AID SCHEME

Report on the Financial Statements

Significant uncertainty relating to recoveries by institutions

9. With reference to note 29 to the financial statements, the entity has entered into agreements with various donors and educational institutions to fund students. This arrangement has resulted in a contingent liability of R65,9 million being disclosed in the financial statements.

Material fair value and impairment adjustments

10. As disclosed in note 8 to the financial statements, the entity had student loans receivable with a nominal value of R18,6 billion as at 31 March 2014, which are reflected in the financial statements at R7,55 billion, after cumulative fair value and impairment adjustments of R11,05 billion.

Report on other legal and regulatory requirements

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2014:
 - Programme 2: Student-centred financial aid (on pages 4 to 5).
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. The material findings in respect of the selected programme are as follows:

Programme 2: Student-centred financial aid

Usefulness of reported performance information

17. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 20% of the targets over achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and review of the presentation of the annual performance report by management.
18. The FMPPI requires the following:
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 43% of the indicators were not well defined. This was due to a lack of proper systems and processes and definite technical indicator descriptions in the annual performance plan.
 - Performance indicator must be verifiable, meaning that it must be possible to validate the processes and systems

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL STUDENT FINANCIAL AID SCHEME

Report on the Financial Statements

that produced the indicator. A total of 29% of the indicators were not verifiable. This was due to a lack of definitive technical Indicator descriptions for the accurate measurement, recording and monitoring of performance of source documentation in support of actual achievements.

Reliability of reported performance information

19. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of technical indicator descriptions for the accurate measurement and recording of performance and monitoring of the completeness of source documentation in support of actual achievements.

Additional matters

20. I draw attention to the following matters:

Achievement of planned targets

21. Refer to the annual performance report pages 1 to 5 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programme reported in paragraphs 19 to 21 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for programme 2: Student-centred financial aid. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

23. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Revenue management

25. Effective and appropriate steps were not taken to collect all money due, as required by section 51(1)(b)(i) of the PFMA and Treasury Regulation 31.1.2(a) and 31.1.2(e).

Internal control

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL STUDENT FINANCIAL AID SCHEME

Report on the Financial Statements

Leadership

27. Leadership did not exercise sufficient oversight of compliance with legislation relating to revenue management and the related internal controls to prevent material misstatements, as actions committed to by management to address the internal control deficiencies reported in the prior year were not sufficient to prevent repeat audit findings.

Financial and performance management

28. Management did not put adequate processes in place to ensure that the internal review procedures were able to identify and correct material disclosure misstatements in the financial statements before they were submitted for audit.

29. Management did not implement adequate detection and review controls to ensure that the key performance indicators presented in the annual performance report include reasons for all variances between planned and reported targets and encompass a clear definition, thereby facilitating the collection and collation of evidence to support the validity, accuracy and completeness of the relevant annual performance report.

OTHER REPORTS

Agreed-upon procedures engagement

30. An agreed-upon procedures engagement was conducted in respect of the Form 40 Annual Financial Statement Return to the National Credit Regulator during the year. No findings were reported. The report covered the period April 2013 to March 2014 and was issued on 30 July 2014.

Assurance engagement

31. An assurance engagement was conducted in terms of Regulation 68 of the Regulations to the National Credit Act, 2005 (Act No. 34 of 2005) (NCA) during the year. Two findings were raised on compliance with the NCA. The report covered the period April 2013 to March 2014 and was issued on 30 July 2014,

Auditor-General

Cape Town
30 July 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Report of the Board members

The NSFAS Board submits its report for the year ended 31 March 2014.

1. General review

Main business and operations

The National Student Financial Aid Scheme is a statutory entity acting in terms of the National Student Financial Aid Scheme Act (No. 56 of 1999) as amended.

Performance highlights

- 220 978 students assisted at 50 Technical and Vocational Education and Training (TVET) Colleges
- 194 923 students assisted at 23 public universities and one National Institute for Higher Education
- R8,7 billion disbursed in student financial aid
 - R4,5 billion in full bursaries to TVET and university students
 - R4,2 billion in convertible loans to university students
 - R1,3 billion converted to bursaries based on student performance
 - R1,2 billion recognised as the social benefit component after bursary conversion
- R41,5 billion disbursed since inception
- Nominal value of loan balances: R18,6 billion
- Carrying value of loan balances: R7,4 billion
- R339 million in loan repayments collected
- Irregular expenditure significantly reduced from R7,9 million to R367 thousand

The activities of the Scheme for the accounting period under review are clearly reflected in the annual financial statements. The results are summarised below:

Results (Figures in Rands)	2014	2013
New grants for student loans and bursaries*	7,911,873,000	7,326,998,000
Student loan recovery and interest injected	476,858,875	296,401,532
Total loans and bursaries awarded before bursary conversion	8,701,405,578	7,710,870,823
Operational expenses	(148,525,000)	(101,758,000)
Administration expenses to awards ratio (%)	1,71	1,32
University bursaries**	3,732,461,000	3,118,514,924
TVET Colleges 100% bursaries***	1,947,570,000	1,807,927,076
Percentage of courses passed****	80,17 %	75,78 %

* During the year under review grants were received from the South African government via the Department of Higher Education and Training, the Department of Basic Education, the Department of Agriculture, Forestry and Fisheries, the Department of Defence and Military Veterans the National Skills Fund, the Department of Social Development, the Eastern Cape Provincial Government, the Agricultural Sector Education and Training Authority, Banking Sector Education and Training Authority, Construction Education and Training Authority, Education, Training and Development Practices SETA, Finance and Accounting Services SETA, Health and Welfare SETA, Local Government Sector Education and Training Authority, Manufacturing Engineering and Related Services SETA, Mining Qualifications Authority, Safety and Security SETA, Services SETA, Wholesale and Retail SETA and various other donors.

** Final Year Programme loans are converted to a 100% bursary if the student meets the academic requirements for graduation. Up to 40% of all other loans may be converted to a bursary based on academic performance. Certain funding categories provide 100% bursaries for university students.

*** Bursaries awarded to TVET College students less credit balances returned to NSFAS.

**** This is not an indication of the graduation rate for NSFAS beneficiaries, but of the number of courses/modules passed.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Report of the Board members

2. 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.

3. Board

The members of the entity during the year and to the date of this report are as follows:

Zamayedwa Sogayise (Chairperson)	Appointed 15 December 2010
Tim Brown	Co-opted 1 March 2013
Msulwa Daka (Executive Officer)	Appointed 1 February 2013
Julia de Bruyn	Appointed 1 August 2013
Rob Dorrington	Appointed 24 June 2011
Spencer Janari	Appointed 30 January 2007 - Resigned 31 July 2013
Nathan Johnstone	Re-appointed 29 April 2013
Shai Makgoba	Appointed 15 July 2011 - Resigned 31 October 2013
Sibongile Masinga	Appointed 24 June 2011
Dumisani Mathonsi	Appointed 24 June 2011
Kirti Menon	Co-opted 28 July 2011 - Resigned 21 October 2013
Kelebogile Mohajane	Appointed 24 June 2011
Thabo Moloja	Appointed 29 April 2013
Themba Mosia	Appointed 24 June 2011
Ntombizodwa Ndhlovu	Appointed 24 June 2011
Yershen Pillay	Appointed 29 April 2013
Zozo Siyengo	Appointed 24 June 2011
Stephen Smith	Co-opted 15 December 2010
Pearl Whittle	Appointed 1 November 2013

4. Corporate Governance

The Board exercises effective control over the entity, its plans and strategy, acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity in accordance with the NSFAS Act as amended.

In order to ensure the effective exercise of its functions in terms of the Act, the Board has established committees comprising Board members as well as co-opted experts who are not members of the Board, where required. The Executive Committee and Finance Committee are established in terms of NSFAS Act, as amended. The Audit and Risk Committee is established in terms of the Public Finance Management Act, as amended. The Board has also established the Human Resources and Remuneration Committee and the Information and Communication Technology Committee. Meetings of Board committees are held in accordance with approved terms of reference.

The Board has established a Transformation Steering Committee to oversee the implementation of the new student-centred Loans and Bursaries management system approved by the Minister of Higher Education and Training in concurrence with the Minister of Finance.

During the year under review the Chairperson was required, by the Executive Authority, to make himself available beyond that required in the ordinary course of Board commitments to complete the "Exit Strategy" to assist with the transition to a normal governance regime following the turnaround strategy undertaken in prior years. The involvement of the Chairperson was for the period 1 April 2013 to 30 June 2013 with NSFAS being responsible for his remuneration and operational expenses.

The Minister of Higher Education and Training appointed three Board members to fill vacancies that arose due to the terms of office of members ending on 30 June 2012 in terms of Section 5(1)(a) of the NSFAS Act. The Minister also appointed two Board members to fill vacancies arising from the resignations of the member nominated by the Minister of Finance, in terms of Section 5(1)(a)(ii) of the NSFAS Act, on 31 July 2013; and the member employed by the Department of Higher Education and Training, in terms of Section 5(1)(a)(iii) of the NSFAS Act, on 31 October 2013.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Report of the Board members

5. Board Expenses, Executive and Senior Managers' Emoluments

Figures in Rand thousand

	Salary or Fee	Retirement Fund contributions	Medical contributions	Other	Total package 2014	Total package 2013
Board expenses						
Meeting fees	614	-	-	-	614	216
Travel and accommodation	-	-	-	598	598	499
Exit Strategy	130	-	-	-	130	1,451
	744	-	-	598	1,342	2,166

Exit strategy Remuneration	Remuneration	Total
Remuneration	130	130

Executive Managers						
Executive Officer	1,410	186	25	15	1,636	240
Executive Officer *	-	-	-	-	-	551
Executive Officer **	-	-	-	-	-	516
Chief Financial Officer ***	-	-	-	-	-	1,189
Chief Financial Officer****	703	51	11	8	773	143
Chief Financial Officer*****	604	-	4	5	613	-
Chief Information Officer	946	103	36	14	1,099	222
	3,663	340	76	42	4,121	2,861

Senior Managers						
Manager: Loans and Bursaries	648	81	58	8	795	518
Manager: Human Resources	249	27	21	4	301	547
General Manager: Corporate Services*****	550	-	-	7	557	-
Manager: Performance	390	40	11	5	446	-
Information Technology*****	-	-	-	-	-	401
	1,837	148	90	24	2,099	1,466

* Nkosinathi Khena: Resigned 30 June 2012

** Nathan Johnstone: Acting 1 August 2012 - 31 January 2013

*** Msulwa Daka: Appointed 1 January 2012 - 31 January 2013

**** Eugene Johannes: Acting 1 February 2013 - 30 November 2013

***** Lerato Nage: Appointed 1 December 2013

***** Charles Raphoto: Acting 1 September 2013

***** Tim Brown: Appointed 1 April 2012 - 31 January 2013

6. Effectiveness of internal controls

Based on the results of the formally documented review of the entity's system of internal financial controls conducted by the internal audit function during the 2013/2014 financial year-end, the Audit and Risk Committee's consideration of information and explanations provided by management, the Board is of the opinion that the entity's system of internal controls forms a sound basis for the preparation of reliable financial statements. The Board's opinion is supported by the Audit and Risk Committee.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Report of the Board members

7. Nature of activities

NSFAS is mandated to provide financial assistance in the form of loans and bursaries to eligible students at public higher education institutions. Eligible students are students who do not have the financial means to fund their studies and/or cannot access commercial bank funding, study loans or bursaries. NSFAS also disburses bursaries to students at Technical and Vocational Education and Training (TVET) colleges. The activities include administration of student loans and bursaries and the recovery of loans from students once they are employed and earning in excess of R30 000 per annum. Up to 40% of a student loan awarded in a particular year can be converted into a bursary dependent upon the number of courses a student passes in that year. From the 2011 academic year, students who qualify for DHET Final Year Programme funding have 100% of their loan converted to a bursary where the requirements for graduation have been met.

Student loans and bursaries are granted to individual students after an application has been submitted to NSFAS by the university at which the student is registered. For the year under review 11 institutions were on-boarded into the new student-centred model where the students applied directly to NSFAS for funding. The repayment of student loans is dependent upon the employment and income level of the debtor. For the year under review, the NSFAS interest rate on student loans was pegged at 80% of the repo rate, as at 1 April 2013, and was fixed for the year at 4%. This is consistent with the way in which the interest rate was determined in the prior year. The rate in which interest is charged on student loans and non-market repayment terms contributes to the material losses recorded as impairment losses and social benefit component on the valuation of the loan book.

Full bursaries are earmarked for, amongst others, scarce skills and may carry conditions specified by different donors, mainly national government departments. Some of these bursaries may become repayable if the conditions are not fulfilled by the beneficiaries.

8. New core loans and bursaries management system

The new core loans and bursaries management, acquired and implemented as a key component of the transformation of NSFAS to a student-centred operating model, became operational on 7 October 2013 following the successful migration of historic and current year loan data up to 30 September 2013.

The implementation of the new system makes it possible for eligible students at higher education institutions and TVET Colleges to apply directly to NSFAS for funding. The centralised, electronic applications system will be phased in over a period of three academic years commencing in 2014 with first time NSFAS applicants registered at six universities (22,032 students) and five TVET Colleges (14,255 students) across the country being able to apply directly to NSFAS in the implementation pilot phase. The pilot phase includes an electronic payments system for student allowances using mobile telephone technology enabling transfer payments from NSFAS to service providers for student accommodation, study materials and daily subsistence requirements.

In order to ensure that NSFAS has the requisite staff complement, with the necessary skills, required to support and maintain the technology and processes required by the new student-centred operating model the entities human resources requirements were mapped against all operational processes. This process followed the skills audit of staff undertaken in the prior financial year, which was used to match staff against the new operational requirements and to identify training required to ensure that all existing staff were accommodated in the new environment. Additional staffing requirements were assessed and the Board approved an increase in the entity's headcount from 163 to 299 with a structured implementation plan based on the most critical needs as well as the funding available on a sustainable basis. The majority of new positions were in the operational areas relating directly to students, i.e. the Loans and Bursaries department and the significantly reorganised Contact Centre, as well as in the Information Technology department. Training of existing and new staff in the processes and procedures of the new loans and bursaries management system was undertaken during the year as part of the Transformation Programme.

High priority was given during the year to ensure that key vacant positions were filled with permanent or fixed-term contract employees. This area will continue to receive attention in the coming financial year.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Report of the Board members

9. Assumption set used in the loan valuation model

NSFAS is required, by the Standards of Generally Recognised Accounting Practice (GRAP), to determine the fair value of student loans on an annual basis for financial reporting purposes. The assumptions used in the fair value model are based on an analysis of the NSFAS loan history data and other relevant sources of information.

The original assumption setting exercise was undertaken for the valuation of the NSFAS loan book for the financial year ended 31 March 2011 using source data from 1991 as at 31 December 2010. The assumption set was updated in 2012, once again using source data from 1991 but with an additional year of data up to 31 December 2011. The new assumptions were informed by improvements in the quality of the NSFAS data, the passage of time and the announcement of a new interest policy in May 2011 by the Minister of Higher Education and Training. In terms of the new policy, effective from 1 April 2011 for students registered for full-time studies on or after the effective date, interest is only charged on student loans 12 months after the student has exited the higher education system. While the assumption set was not adjusted for the 31 March 2013 valuation, a manual valuation model adjustment was done to delay commencement of loan repayments to reflect the expected temporary impact of the repeal of Section 23 of the NSFAS Act in December 2011. Prior to the repeal of Section 23, NSFAS was able to require an employer to collect student loan repayments from employee salaries without the consent of the employees concerned.

A new assumption setting exercise was undertaken for the 31 March 2014 valuation to take account of more recent loan data history and the passage of time. The exercise was informed by the following Management considerations and decisions relating to differences to the prior valuation practice:

- The data set for the assumption setting exercise would be based on loan data as at 30 September 2013, this being the date of the transition to the new loans and bursaries management system, rather than as at 31 December 2013. The additional complexity introduced by combining data from the old and new systems would not be justified by the limited additional data obtained to 31 December 2013.
- All loans issued before 1999 have been excluded from the analysis to maintain an optimal balance between the relevance and quantity of data used in the assumption setting process. The 1999 date was chosen, in part, as the NSFAS Act came into effect in 1999 and data before this time reflect the predecessor organisations policies and practices.
- The manual model adjustment effected for the 31 March 2013 valuation to capture the impact of NSFAS no longer being able to automatically implement deductions from a debtor's salary and thus commence repayment once they established that a debtor was employed is no longer deemed necessary as the new data better reflects the actual implications of the repeal of Section 23 of the NSFAS Act.

10. Prior period error

In the process of revising the assumptions used in the loan valuation model for the purpose of the 2014 valuation, it was identified that the data extracted for the previous assumption setting exercise, performed for the 2012 valuation, included certain transactions which were incorrectly classified as payments. These payments should have been treated as capital transactions and, therefore, not included in the analysis. This resulted in debtors who were previously classified as payers now being classified as non-payers. As a consequence of this, the 2012 assumption data sets have been recreated, excluding these transactions and therefore the debtors loan book values in the prior years have changed.

The net effect of the correction of the prior period error is a decrease in the carrying amount of the loan book and a corresponding decrease in the accumulated surplus. Comparative figures have been restated as a result of the correction of this error, details of which may be found in note 2 on page 72 of these financial statements.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Report of the Board members

11. Student awards and repayments

	Academic years					
	2013		2012		To date	
	Rand value	Number of students [^]	Rand value	Number of students [^]	Rand value	Number of students [*]
Student awards by institution category						
Universities	6,729,069,970	194,923	5,871,489,880	194,504	35,611,099,840	1,173,284
TVET colleges	1,953,253,361	220,978	1,822,497,265	188,182	5,793,599,557	612,371
Other institutions*	19,082,247	464	16,883,677	428	140,569,712	386,960
	8,701,405,578	416,365	7,710,870,822	383,114	41,545,269,109	2,172,615

	Financial years		
	2014	2013	1992 -2014
Repayments			
Loan recoveries	372,326,300	712,800,993	5,279,570,822
Less Credit Balances**	(33,505,687)	(173,294,375)	(903,943,172)
	338,820,613	539,506,618	4,375,627,650

Since its inception in 1991, the entity has awarded approximately R41,5 billion to students (2013: R32,8 billion) in loans and bursaries. For the year under review, NSFAS assisted 416, 174 students with 511, 010 awards. Loan repayments, excluding donor settlements and credit balances on fee accounts, were at a monthly average of R29 million (2013: R37 million).

* These are awards designated by certain funders for students/learners at specific agricultural colleges and/or schools, the National Institute for Higher Education, and other colleges.

** Credit balances on student fee accounts returned by institutions are applied to reduce the original loan capital.

	Academic years			
	2013		2012	
	Rand Value	Number of students [^]	Rand value	Number of students [^]
Department of Higher Education and Training				
General Allocation	3,083,939,189	106,554	2,534,320,355	99,938
Final year programme	1,105,386,261	26,814	1,084,588,823	29,203
Teacher allocation	103,585,177	3,377	113,971,186	4,198
Students with disabilities	65,456,923	1,558	44,531,539	1,176
National Skills Fund	803,002,081	29,093	858,443,434	38,987
SAICA partnership - Thuthuka Fund	37,169,069	849	32,377,605	807
TVET Bursaries	1,933,998,430	219,974	1,806,418,772	186,903
Department of Basic Education:				
Funza Lushaka teacher bursaries	890,104,296	14,473	666,782,495	11,702
Sector Education and Training Authorities	140,977,886	4,186	56,518,088	3,071
Other funding categories*	537,786,265	28,022	512,918,525	26,946
	8,701,405,577	434,900	7,710,870,822	402,931

[^] The difference between the number of students awards by institution and by funder is due to the fact students may be funded from more than one funder category.

* Other funding categories include funds from Eastern Cape Provincial Government, private donors and institution recovered monies.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Statement of Financial Position

Amounts in Rand thousand	Note(s)	2014	Restated 2013
Assets			
Current Assets			
Investments	5	-	186,410
Trade and other receivables (non-exchange)	6	25,674	1,687
Prepayments to institutions (exchange)	7	649,061	797,310
Student loans (exchange) - short term	8	580,311	619,767
Amounts owing by institutions (exchange)	9	191,877	221,941
Cash and cash equivalents	10	1,842,415	433,608
		3,289,338	2,260,723
Non-Current Assets			
Property, plant and equipment	3	13,484	8,124
Intangible assets	4	48,698	15,551
Student loans (exchange) - long term	8	6,864,178	5,738,079
Amounts owing by institutions (exchange)	9	58,389	-
		6,984,749	5,761,754
Total Assets		10,274,087	8,022,477
Liabilities			
Current Liabilities			
Trade and other payables (exchange transactions)	14	27,585	28,477
Provisions	11	64,510	61,534
Amounts due to institutions (non-exchange)	12	300,042	1,618
Deferred income	13	1,400,805	248,863
		1,792,942	340,492
Total Liabilities		1,792,942	340,492
Net Assets		8,481,145	7,681,985
Net Assets			
Capital fund		8,481,145	7,681,985
Total Net Assets		8,481,145	7,681,985

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Statement of Financial Performance

Amounts in Rand thousand	Note(s)	2014	Restated 2013
Revenue			
Administration fees	15	14,856	17,324
Administration grants	15	87,676	82,925
Grants received for student awards	16	7,911,873	7,326,998
Interest revenue	24	655,457	596,805
Commission Revenue - sBux	25	284	-
Unallocated debtors receipts	23	24	16
Other income		-	124
Total revenue		8,670,170	8,024,192
Expenditure			
Personnel costs	17	(65,862)	(38,917)
Asset management fees	18 & 24	(72)	(585)
Recoveries and unspent grants paid	38	-	(147)
Depreciation and amortisation	3 & 4	(30,810)	(4,539)
Irrecoverable debts written - off	19	(13,278)	(1,584)
New credits - provisions	11	(4,437)	(9,985)
Transfer to Fundisa Fund		-	(20,000)
Bursaries - Other funding sources		(3,732,462)	(3,134,579)
Bursaries - TVET Colleges funding source		(1,947,570)	(1,791,863)
General expenses		(34,269)	(23,554)
Consulting and professional fees	26	(5,827)	(23,257)
Broader communications strategy		(1,711)	(886)
Postage		(135)	(1,666)
Audit fees	20	(9,911)	(8,938)
Total Operational expenditure		(5,846,344)	(5,060,500)
Social benefit component on student loans issued (non-exchange)	8	(1,661,764)	(1,507,604)
Impairment loss (non-exchange)	8 & 32	(346,941)	(241,046)
Model adjustments (non-exchange)	8 & 32	(16,656)	(25,192)
Realised gain/(loss) on funds invested		16	(111)
Fair value gain/(loss) on investments		679	(1,742)
Other		(2,024,666)	(1,775,695)
Surplus for the year	37	799,160	1,187,997

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Statement of Changes in Net Assets

Amounts in Rand thousand	Capital Fund	Total reserves	Accumulated surplus/(deficit)	Total net assets
Opening balance as previously reported	7,591,908	7,591,908	-	7,591,908
Adjustments				
Prior period error correction (refer note 2)	(1,097,920)	(1,097,920)	-	(1,097,920)
Balance at 1 April 2012 as restated	6,493,988	6,493,988	-	6,493,988
Changes in net assets				
Surplus for the year	-	-	1,187,997	1,187,997
Transfer to capital fund	1,187,997	1,187,997	(1,187,997)	-
Total changes	1,187,997	1,187,997	-	1,187,997
Balance at 1 April 2013 as restated	7,681,985	7,681,985	-	7,681,985
Changes in net assets				
Surplus for the year	-	-	799,160	799,160
Transfer to Capital Fund	799,160	799,160	(799,160)	-
Total changes	799,160	799,160	-	799,160
Balance at 31 March 2014	8,481,145	8,481,145	-	8,481,145
Note	37			

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Statement of Cash Flows

Amounts in Rand thousand	Note(s)	2014	Restated 2013
Cash flows from operating activities			
Receipts			
Grants for capital fund and administration costs		9,166,631	6,876,648
Student loan repayments - capital		300,024	422,809
		9,466,655	7,299,457
Payments			
For student awards		(8,629,245)	(7,503,485)
To employees and suppliers		(155,944)	(112,928)
Amounts due to/(from) institutions		467,193	(538,413)
		(8,317,996)	(8,154,826)
Net cash flows from operating activities	21	1,148,659	(855,369)
Cash flows from investing activities			
Purchase of property, plant and equipment - Normal Operations	3	(3,025)	(2,264)
Purchase of property, plant and equipment - Growth Transformation	3	(6,756)	-
Purchase of other intangible assets - Normal Operations	4	(2,303)	-
Purchase of other intangible assets - Growth Transformation	4	(57,233)	(11,298)
Net movement in financial assets		187,105	311,499
Interest income		142,360	135,402
Net cash flows from investing activities		260,148	433,339
Net increase/(decrease) in cash and cash equivalents		1,408,807	(422,030)
Cash and cash equivalents at the beginning of the year		433,608	855,638
Cash and cash equivalents at the end of the year	10	1,842,415	433,608

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Amounts in Rand thousand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Administration grants (non-exchange)	130,329	56,510	186,839	87,676	(99,163)	35.1
Administration fees (non-exchange)	-	27,879	27,879	14,856	(13,023)	35.2
Grants received for student awards (non-exchange)	8,142,376	(306,695)	7,835,681	7,911,873	76,192	
Interest revenue (exchange)	-	-	-	655,457	655,457	35.6
Unallocated Debtors Receipts (non-exchange)	-	-	-	24	24	
Commission Revenue - sBux	-	-	-	284	284	
Total revenue from exchange transactions	8,272,705	(222,306)	8,050,399	8,670,170	619,771	
Total revenue	8,272,705	(222,306)	8,050,399	8,670,170	619,771	
Expenditure						
Personnel costs (exchange)	(52,334)	(13,876)	(66,210)	(65,862)	348	
Asset management fees (exchange)	-	-	-	(72)	(72)	
Depreciation and amortisation	(5,380)	-	(5,380)	(30,810)	(25,430)	35.3
Irrecoverable debts written off (non-exchange)	-	-	-	(13,278)	(13,278)	35.6
Movement in provision	-	-	-	(4,437)	(4,437)	35.6
Bursaries - Other funding sources (non-exchange)	(4,012,272)	(572,230)	(4,584,502)	(3,732,461)	852,041	35.4
Bursaries -TVET colleges funding source (non-exchange)	(1,988,434)	-	(1,988,434)	(1,947,570)	40,864	
General expenses	(56,066)	26,955	(29,111)	(34,269)	(5,158)	35.5
Consulting and professional fees (exchange)	(500)	(5,807)	(6,307)	(5,827)	480	
Broader communication strategy (exchange)	(3,787)	2,076	(1,711)	(1,711)	-	
Postage (exchange)	(2,641)	2,512	(129)	(135)	(6)	
Audit fees (exchange)	(7,550)	(1,349)	(8,899)	(9,911)	(1,012)	
Total expenditure	(6,128,964)	(561,719)	(6,690,683)	(5,846,343)	844,340	
Surplus	2,143,741	(784,025)	1,359,716	2,823,827	1,464,111	

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The National Student Financial Aid Scheme is a statutory body established by the National Student Financial Aid Scheme Act (No. 56 of 1999), as amended, and a Schedule 3A public entity in terms of the Public Finance Management Act (No. 1 of 1999), as amended.

These accounting policies are consistent with the previous period.

1.1 Basis of accounting

Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention except for financial instruments measured at fair value unless specified otherwise. They are presented in South African Rand, which is the functional currency of the entity, and prepared on a going concern basis.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

The cash flow statement has been prepared in accordance with the direct method. The amount and nature of any restrictions on cash balances are disclosed.

Comparative information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where the accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

GRAP Standards issued but not yet effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the entity:

GRAP 18 Segment Reporting

This Standard requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to the management of the entity. This standard does not yet have an effective date.

GRAP 20 Related Party Disclosure

The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. Preliminary investigations indicate that the impact on the financial statements will be minimal.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.1 Basis of accounting (continued)

GRAP 32 Service Concession Arrangements: Grantor

This Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity. No significant impact is expected as the entity does not participate in such business transactions.

GRAP 105 Transfer of Functions Between Entities Under Common Control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact is expected as the entity does not participate in such business transactions.

GRAP 106 Transfer of Functions Between Entities Not Under Common Control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact is expected as the entity does not participate in such business transactions.

GRAP 107 Mergers

The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact is expected as the entity does not participate in such business transactions.

GRAP 108 Statutory Receivables

This Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. Preliminary investigations indicate that the impact on the financial statements will be minimal.

Standards not applicable to the entity include:

GRAP 18 Segment Reporting (not required by Accounting Standards Board)

GRAP 103 Heritage Assets (NSFAS does not hold any heritage assets)

All the above standards, where applicable, will be complied with in the financial statements once the effective date has been set.

Adoption of new and revised standard(s)

In the current year the entity has adopted all new and revised standards and interpretations issued by the Accounting Standards Board (ASB) that are relevant to its operations, and effective. The adoption of these new and revised standards and interpretations has resulted in changes to the accounting policies.

One new standard has become effective for the period ended 31 March 2014 and is presented below:
Annual periods commencing on or after 1 April 2013.

GRAP 25 – Employee Benefits

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Information about assumptions and estimation uncertainties that may have a significant risk of resulting in a material adjustment within the next financial year includes:

Initial recognition of student loans at fair value

Student loans are recognised initially at fair value plus any directly attributable transaction costs.

Market and client specific actuarial assumptions are used in the estimate of the fair value of the student loans at initial recognition.

Subsequent to initial recognition, student loans are measured at amortised cost using the effective interest method, less any impairment allowances.

NSFAS has been granting loans since 1991 and therefore has a detailed repayment profile for its debtor database in terms of historic loss experience.

NSFAS loans have no fixed repayment terms and the debt is only due and payable one year after exit from the higher education system and, if the student has become employed and is earning more than R30,000 per month. Prescription on NSFAS loans is only deemed to start when these specific conditions have been met and the debtor has informed NSFAS of this fact.

The following parameters have been applied effective 1999:

- Transition from being a registered student to graduation or exit does not exceed 10 years.
- Period to first repayment is based on a 15-year analysis of commencement of repayment by students.
- Graduates and students who exited for other reasons are assessed independently.
- The cash flow or repayment profile is calculated as a percentage of the outstanding balance at each month.
- The interest rate used to discount the projected cash flows is referenced to long-term government bond yields as a proxy for the risk free rate.
- The mortality of borrowers has been included in forecasting the cash-flow profile of the loans.
- Assumptions regarding future mortality experience in South Africa are set, based on published South African actuarial information.
- Although the entity does write off loans, in the event of permanent disability and death, this has not been included in the model as the impact is not considered material.

Deferred Income

The entity has a number of fund administration agreements with donors. The entity believes that the transferor could enforce a requirement to return the asset or unspent monies in the event that the funds are not used for the intended purposes. The entity also believes that the transferor would enforce the stipulation in the agreements in the event of a breach. The stipulations in the agreement therefore meet the definition of a condition.

Contingent Liabilities

The entity has a number of fund administration agreements with donors which include the under mentioned clause:

“The entity will retain all funds recovered from all institution borrowers from time to time, in order to re-lend these funds to further institution borrowers selected by the institution from time to time in the manner contemplated in the agreement, or to refund the funds to the institution at the request of the institution.”

The entity believes that the recovered funds should as a result of the above clause be treated as a contingent liability.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Budget Information

Variances of 15% or more between budget and actual amounts are regarded as material. All material differences are explained in the notes to the annual financial statements.

1.3 Property, plant and equipment

Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost or at fair value where acquired at no or nominal cost.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Initial Measurement

Property, plant and equipment is initially measured at cost at the acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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 de-recognised.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent Measurement – Cost Model

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Depreciation

Property, plant and equipment, except for land, is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where appropriate, the term of the relevant lease, and are recognised in the Statement of Financial Performance.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.3 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	50 years
Furniture and equipment	5 years
Motor vehicles	5 Years
IT equipment	3 Years

The residual value, the useful life of an asset and the depreciation method are reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Impairment

All NSFAS's items of property, plant and equipment are considered to be non-cash generating assets as no commercial return is generated from these assets.

The carrying amounts of assets are reviewed at each reporting date to determine whether there is an indication of impairment. If there is an indication that an asset may be impaired, its recoverable service amount is estimated. The estimated recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. When the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. The reduction is an impairment loss.

The value in use is determined through depreciated replacement cost, restoration cost approach or service units approach. The decision to the approach to use is dependent on the nature of the identified impairment.

The impairment loss is recognised immediately in the Statement of Financial Performance. After the recognition of an impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value if any, on a systematic basis over its remaining useful life.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss and is recognised in the Statement of Financial Performance. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in the prior periods.

De-recognition

Items of property, plant and equipment are de-recognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

Initial Recognition

An asset is identified as an intangible asset when it:

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.4 Intangible assets (continued)

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Subsequent Measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	3 years
Computer software, other	3 years

Intangible assets are considered to have finite useful lives. The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use and ceases at the earlier of the date on which the asset is classified as held for sale, or included in a disposal group that is classified as held for sale, and the date on which the asset is de-recognised.

Computer software

Expenditure on internally developed software is recognised as an asset when the entity is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life.

Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in Statement of Financial Performance on a straight line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.4 Intangible assets (continued)

Impairment

The Phoenix loan management system is considered to be a cash generating asset as a commercial return is expected from the use thereof. All other items of intangible assets are considered to be non-cash generating assets as no commercial return is expected from these.

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable service amount, it is written down immediately to its recoverable service amount and an impairment loss is charged to the Statement of Financial Performance.

De-recognition

Intangible assets are de-recognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.5 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables are measured at amortised cost
- Fair value financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

(i) Non-derivative financial assets

The entity initially recognises loans and receivables on the trade date, which is the date on which the entity becomes a party to the contractual provisions of the instrument.

The entity de-recognises financial assets using trade date accounting. The entity de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, are settled or waived, or it transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained significant risks and rewards of ownership of the financial asset has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on transfer. Newly created rights and obligations shall be measured at their fair values at the date of de-recognition.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received, including any new asset obtained less any new liability assumed, is recognised in the surplus or deficit.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents comprise cash balances, call deposits with original maturities of three months or less.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, excluding those that the entity designates at fair value on initial recognition, or are held for trading that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment.

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost. Fixed deposits that mature within three months after reporting date are recognised as cash equivalents.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Investments

Investments are designated at fair value and are initially recognised at fair value with transaction costs directly attributable to the acquisition being expensed.

Subsequent to initial recognition, all changes to fair value are recognised through the Statement of Financial Performance.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

The entity de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire or waived. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in surplus or deficit.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Fair value, which is determined, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other payables

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Finance income and costs

Finance income comprises interest on funds invested and interest income on financial instruments measured at amortised cost.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in surplus or deficit using the effective interest rate method.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.5 Financial instruments (continued)

Interest on student loans is recognised using the effective interest rate method over the estimated life of the loan.

Impairment of financial assets

At each reporting date the entity assesses whether there is objective evidence that financial assets not carried at fair value are impaired. A financial asset or a group of financial assets is/are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the entity on terms that the entity would not otherwise consider, indications that a borrower or issuer will enter bankruptcy or other observable data relating to a entity or assets such as adverse changes in the payment status of borrowers or issuers in the entity, or economic conditions that correlate with defaults in the entity.

The student loans offered by the entity are impaired on the basis of mortality, actual transition from student state and changes in payment experience. Mortality is assessed on an annual basis on those deaths assumed to have occurred, but not yet recognised and is included in impairment.

The entity writes off certain loans when they are deemed to be uncollectible.

The entity writes off a student loan and any related allowances for impairment losses, when the entity determines that the loan is uncollectible. This determination is made after notification of the death or permanent disability of the borrower. A list of identity numbers is sent to the Department of Home Affairs on an annual basis for verification of borrowers that are deceased. For disability, medical certification is required. The individual loans are then written off on approval by the Board.

The entity considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that may have been incurred but not yet identified. Loans and receivables, such as the student loans offered by the entity that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate method, impairment losses are recognised in the Statement of Financial Performance and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in the Statement of Financial Performance.

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed.

Student loans

The student loans offered by the entity are unique within the market. The primary focus of these loans is not profit generation, but rather to provide affordable financing for university students from low income households. The loans have no fixed repayment terms and the debt is only due and payable one year after exit and if student has become employed, and earning more than R30 000 per annum. Repayments are calculated on a sliding scale based on the debtor's annual salary.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.5 Financial instruments (continued)

A student may apply for a new loan for each year of study which, if granted, results in the student having multiple loans payable.

Student loans are recognised initially at fair value at inception. The fair value of the loans on initial recognition is estimated by using an actuarial discounted cash flow model which includes assumptions that are supported by observable market inputs and others that are based on historical loan repayment data. The subsequent value is calculated based on amortised cost using the original effective yield of the loans, adjusted for impairment.

A model has been developed for, and in consultation with, the entity by actuaries. The model estimates the fair value at initial recognition as well as the ongoing amortised cost by estimating a cash flow profile for broadly homogenous groups of loans. The student loans are separated into smaller groups with similar characteristics such as age of loan, loan number and the gender and age of the borrower. The fair value of these homogenous groups is calculated individually and then combined to calculate the aggregated value of the portfolio.

The key assumption parameters used in the discounting model are listed in the use of estimates and judgement note 1.2 above.

Social benefit component of student loans

A concessionary loan is a loan granted to or received by an entity on terms that are not market related. The primary focus of student loans is not profit generation, but rather to provide affordable financing for students from low income households studying in institutions of higher learning. As a result, these loans are granted on terms that are not market related. On initial recognition, the entity analyses these loans into their component parts and accounts for each component separately. The entity accounts for the component that is a social benefit in surplus or deficit. The component of the loan that is a social benefit is determined as the difference between the fair value of the loan and the expected loan proceeds to be paid. Subsequent to initial recognition, the entity measures the loan component at amortised cost using the effective interest rate method less impairment losses.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.7 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognised for the amount expected to be paid under short-term cash benefits if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The liability for employee entitlements to wages, salaries and annual leave represents the amount which the entity has a present obligation to pay as a result of employees' services provided to the Statement of Financial Position date. The liability has been calculated at undiscounted amounts based on current wage and salary rates.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.7 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.8 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.9 Revenue

Revenue consists of conditional grants received for student loans and bursaries, administration grants and fees, commission from sBux, interest on student loans, irrecoverable debts recovered and interest on investments.

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Revenue from administration grants and grants received for student loans and bursaries are considered to be revenue from nonexchange transactions.

Exchange transactions are defined as transactions where the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to the other entity in exchange. Revenue from interest received on student loans and interest on investments is considered to be revenue from exchange transactions.

Deferred income

Conditional grants are classified as deferred income until such time as the conditions attached to the grant are met. Once the conditions have been met the liability is transferred to revenue.

Grants, transfers and donations received

Unconditional grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.9 Revenue (continued)

Irrecoverable debts recovered

Amounts received after student loans have been written off as irrecoverable debts are recorded as irrecoverable debt recovered.

Finance costs

Finance income comprises interest on funds invested and interest income on financial instruments measured at amortised cost.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in surplus or deficit using the effective interest rate method.

Interest on student loans is recognised using the effective interest rate method over the estimated life of the loan.

1.10 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

1.12 Prepayments

Payments are made to institutions during January, February and March of each year for initial student registration fees. For the 2014 academic year, institutions were able to claim up to 30% of their annual NSFAS allocations as prepayments as approved by the NSFAS Board.

The academic year for institutions runs from 1 January to 31 December and is therefore different to the NSFAS financial reporting year which runs from 1 April to 31 March. The academic year commences on 1 January and payments made are initially recognised as prepayments at the end of the reporting period.

At the beginning of the subsequent reporting period, the prepayments to institutions are reclassified as amounts owing by institutions until awards are made to students against these amounts.

1.13 Budget information

The annual budget figures have been prepared in accordance with the applicable GRAP standards, and are consistent with the accounting policies adopted by the Board for the preparation of these financial statements. The amounts are presented as a separate additional financial statement, named the Statement of Comparison of Budget and Actual amounts. Explanatory comments are provided in the notes to the annual financial statements, firstly stating reasons for overall growth or decline in the budget, and, secondly, motivating overspending or under spending on line items. The annual budget figures included in the financial statements are for the entity. These figures are those approved by the Board both at the beginning and during the year.

The preparation of budget information which is performed on an accrual basis is the same as the accounting records.

1.14 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Accounting Policies

1.14 Related parties (continued)

Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals at the level of Executive Officer and Executive Managers are regarded as key management per the definition of the financial reporting standard.

Close members of the family of a person in key management are considered to be those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Related party disclosures are provided in respect of transactions and balances with identified related parties, other than transactions that would occur within a normal supplier or client/recipient relationship, on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances.

1.15 Reserves

Capital fund reserve

The reserve comprises accumulated surpluses.

1.16 Impairment of cash and non-cash generating assets

Cash generating assets are those assets held by the entity with the primary objective of generating a commercial return. Non-cash generating assets are assets other than cash generating assets.

At the end of each reporting period, carrying amounts of cash generating and non-cash generating assets are reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount or recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual cash generating asset, the entity estimates the recoverable amount of the cash generating unit to which the asset belongs. Cash generating units shall be identified consistently from period to period for the same asset or types of assets, unless a change is justified.

Intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment annually at the same time every year, as well as whenever there is an indication that the asset may be impaired. The recoverable amount of a cash generating asset is the higher of fair value less cost to sell and value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.17 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (Act No. 1 of 1999 as amended) or is in contravention of the Entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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2. Prior period error

Correction of error on student loans.

In the process of revising the assumptions used in the loan valuation model for the purpose of the 2014 valuation, it was identified that the data extracted for the previous assumption setting exercise, performed for the 2012 valuation, included certain transactions which were incorrectly classified as payments. These payments should have been treated as capital transactions and therefore not included in the analysis. This resulted in debtors who were previously classified as payers now being classified as non-payers. As a consequence of this, the 2012 assumption data sets have been recreated, excluding these transactions and therefore the debtors' loan book value in the prior years have changed.

The prior year errors have been corrected retrospectively and the comparative figures have been restated. Presented below are only those Statements of Financial Position and Performance items that have been affected by the prior year adjustments:

(in Rand thousands)	As previously reported	Correction of errors	Restated
2012			
Statement of Financial Position			
Capital Fund	(7,591,908)	1,097,920	(6,493,988)
Student Loans (exchange)	6,729,426	(1,097,920)	5,631,506
2013			
Statement of Financial Position			
Student loans (exchange)	7,640,824	(1,282,977)	6,357,846
Statement of Financial Performance 2013			
Social benefit component on student loans issued (non-exchange)	(1,388,978)	(118,626)	(1,507,604)
Model Adjustments	28,080	(53,273)	(25,193)
Impairment loss	(330,537)	89,490	(241,047)
Interest revenue	678,087	(81,282)	596,805
Loss for the year	(1,013,348)	(163,691)	(1,177,039)

Correction of error on new credits - provisions.

During the current financial year it was identified that refunds paid as disclosed in note 11. Provisions for credit balances were incorrectly netted off against the new credit balances and disclosed in the Statement of Financial Performance. This resulted in the incorrect treatment of the expenditure value as only new credits should have been disclosed as an expenditure in the Statement of Financial Performance.

The prior period error has been corrected retrospectively and comparative information have been restated. Presented below are the Statement of Financial Performance items that have been affected by the prior year adjustment:

(in Rand thousands)	As previously reported	Correction of errors	Restated
Statement of Financial Performance 2013			
New credits - provisions	11,382	(21,367)	(9,985)
	11,382	(21,367)	(9,985)

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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3. Property, plant and equipment

	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings*	4,817	(820)	3,997	4,817	(739)	4,078
Furniture and fixtures	4,288	(2,943)	1,345	3,845	(2,452)	1,393
Motor vehicles	119	(119)	-	119	(119)	-
IT equipment	17,011	(8,869)	8,142	7,674	(5,021)	2,653
Total	26,236	(12,751)	13,484	16,455	(8,331)	8,124

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Land and buildings*	4,078	-	(81)	3,997
Furniture and fixtures	1,393	443	(491)	1,345
IT equipment **	2,653	9,338	(3,849)	8,142
	8,124	9,781	(4,421)	13,484

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Land and buildings*	4,159	-	(81)	4,078
Furniture and fixtures	1,204	563	(374)	1,393
IT equipment	2,639	1,701	(1,687)	2,653
	8,002	2,264	(2,142)	8,124

* Depreciation is calculated on buildings only. Land and buildings comprise erven numbers 66447, 66458, 66459, 66460 and 66461 in Wynberg, Cape Town.

** IT equipment additions (i.e. servers, computer hardware), relating to the NSFAS Transformation programme is carried at a cost of R 6,7 million, with a carrying value of R 5,6 million

Pledged as security

As at the reporting date, NSFAS had no property, plant and equipment pledged as security.

Other information

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

Furniture and equipment	1,463	1,519
IT hardware	5,465	2,463
Motor Vehicles	119	119
	7,047	4,101

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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4. Intangible assets

	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software, proprietary	80,152	(31,454)	48,698	9,318	(5,065)	4,253
Phoenix LMS system*	-	-	-	11,298	-	11,298
Total	80,152	(31,454)	48,698	20,616	(5,065)	15,551

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software, proprietary**	4,253	59,536	11,298	(26,389)	48,698
Phoenix LMS system*	11,298	-	(11,298)	-	-
	15,551	59,536	-	(26,389)	48,698

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software, proprietary	6,654	-	(2,401)	4,253
Phoenix LMS system	-	11,298	-	11,298
	6,654	11,298	(2,401)	15,551

* The Phoenix LMS system enhancement relates to the new core loans and bursaries management system which was put into operation on 7 October 2013 and capitalised to Computer software.

** Capitalised to Computer software, proprietary as additions is an amount of R 57,233,114 for Phoenix core loans and bursaries management system which was put into operation on 7 October 2013.

Intangible assets fully depreciated and still in use (Gross carrying amount)

Computer software	14,492	1,262
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NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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5. Investments

Fair value*

Commercial paper	-	11,815
Fixed deposits	-	11,620
Floating rate notes	-	83,642
Bonds	-	1,259
Non-coupon Negotiable Certificates of Deposit	-	78,066
	-	186,410

Current assets

Designated at fair value	-	186,410
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* Funds previously held with private sector asset managers have been moved to the Corporation for Public Deposits, a subsidiary of the South African Reserve Bank, in accordance with National Treasury Regulations.

See note 36 for the detail of the utilisation of financial assets.

6. Trade and other receivables (non-exchange)

Prepayments	855	1,637
Sundry debtors	20,249	50
sBux - Commission receivable*	568	-
Amounts owing by SETA	4,002	-
	25,674	1,687

* sBux - Commission receivable relates to commission earned on transactions for the sBux voucher system used to disburse allowances to students funded by NSFAS through the pilot implementation of the new loans and bursaries management system.

7. Prepayments to institutions (exchange)

Prepayments to institutions for initial student registration fees	649,061	797,310
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NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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8. Student loans (exchange) - long term

Student Loan Nominal Value

The nominal balance is the total obligations that borrowers have, including loan principal and interest. The change in nominal value from year to year reflects the net growth of the portfolio through new lending less repayments, bursary conversions and other adjustments such as irrecoverable debt written off due to death and permanent disability. The nominal balance is the basis for the calculation of the "Student loan Carrying Value" as reflected in the Statement of Financial Position.

Student Loan Carrying Value

Student loans are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate method less any impairment loss.

The relationship between the Nominal Value and the Carrying Value is as follows:

	2014	2013
Nominal value	18,596,477	15,800,012
Carrying value reconciliation:		
Opening balance	6,452,407	5,630,749
New loans	2,947,752	2,577,036
Social benefit component***	(1,699,572)	(1,527,734)
Interest	513,097	461,403
Repayments	(338,820)	(422,809)
Model adjustments*	(16,656)	(25,192)
Impairment loss**	(308,145)	(241,046)
	7,550,063	6,452,407
Unallocated debtor receipts	(105,574)	(94,561)
Carrying value	7,444,489	6,357,846

* See note 31.

** The impairment (loss)/reversal arise from actual experience differing from expectations and also reflect changes in data as the database improves. These factors change each year depending on circumstances. The impairment loss on Student Loans as disclosed in the table above, is different to the component disclosed in the Statement of Financial Performance of R346,941,275 by R38,796,105. This relates to the impairment of 201,866 non-migrated loans from LMS/AMS. These loans were not migrated from LMS/AMS to Phoenix on 1 October 2013. This was due to loans that could not be properly mapped during the one to one mapping process from LMS to AMS for the migration. R36,029,778 of this amount relates to loans in 1998 and prior. These loans will be considered for write-off in the next financial year.

*** The social benefit component on student loans as disclosed in the table above differ from the social benefit component disclosed in the Statement of Financial Performance of R1,661,764,435 by R37,807,565 (2013: R1,507,603,776 by R20,130,224). This difference is due to the above table only, including the social benefit component on student loans issued in the year under review for the reconciliation, whereas the Statement of Financial Performance figure includes an adjustment relating to student loans issued in prior years as a consequence of model adjustments.

The balance on student loans includes a current portion of R580,310,925 (2013: R619,766,558). The current portion of the student loan is measured as the expected cash flows for the next 12 months based on the amortised cost calculation.

9. Amounts owing by institutions (exchange)

Credit balances on student fee accounts due by institutions.

Amounts owing by institutions - Current portion	191,877	221,941
Amounts owing by institutions - Non-current portion	58,389	-
	250,266	221,941

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	3,984	3,682
Call and Money Market Accounts	1,838,431	423,774
Fixed deposits (maturing within three (3) months of reporting date)	-	6,152
	1,842,415	433,608

11. Provisions

Provision for credit balances to be refunded	64,510	61,534
Opening balance	61,534	72,923
New credit balances**	6,008	9,978
Amount paid as refunds	(3,032)	(21,367)
Closing balance	64,510	61,534

Provision for credit balances to be refunded comprises:

Credit balances still owing from original 2011 credit provision*	R31,734	R33,781
Credit balances from normal operations*	R32,776	R27,753
Total	R64,510	R61,534

* During the 2010 Ministerial Review it was discovered that the NSFAS Loan Management System had not applied the legal principle of in duplum to accrue interest on student loans in compliance with the National Credit Act. As a result, some loan accounts have been overpaid and, therefore, effectively have credit balances. It was also discovered during the 2010 audit that the loan management system had since inception been applying repayments incorrectly against student debt, by applying the student repayments against the outstanding capital balance first, rather than accrued interest. The Board resolved that where students have been advantaged, NSFAS will not attempt to recover the additional interest, as this was an error on NSFAS's part. However, where students have been charged interest in excess of in duplum, every attempt should be made to trace the respective account holders and to refund the credit balances.

** New credit balances include credits of R1,5 million that relates to excess credits due from institutions.

12. Amounts due to institutions (non-exchange)

Payments due to institutions for student loans and bursaries awarded.

Amounts due to institutions	300,042	1,618
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13. Deferred income

This relates to grants received during the year under review, for utilisation in the following year and the unspent portions of current year grants including interest received, which represents a real liability. During the year under review additional funding was provided by the National Skills Fund to be utilised over two financial years, as well as new funding received on contract from the Sector and Education Authorities.

These amounts are held in a segregated investment account until utilised.

Grants received in advance	155,527	1,475
Deferred income	1,245,278	247,389
	1,400,805	248,863

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
14. Trade and other payables (exchange transactions)		
Trade payables	10,095	10,138
Student credit balances received from institutions	-	5,229
Other clearing accounts	1,162	289
Accruals	13,115	9,320
Accrued leave pay due to employees	1,866	1,066
Accrued bonuses due to employees	958	2,426
Operating lease liability	105	9
sBux - Commission payable*	284	-
	27,585	28,477

* sBux - Commission payable is result of a agreement between NSFAS and the service provider for a percentage per transaction in respect of disbursement of student allowances.

15. Administration fees and grants (non-exchange)

Administration fees		
Administration Fees - Sector Education and Training Authorities	9,545	8,650
Administration Fees - Department of Agriculture Forestry and Fisheries	-	625
Administration Fees - National Skills Fund	4,978	7,797
Administration Fees - Nedbank	213	252
Administration Fees - Department of Defence and Military Veterans	120	-
	14,856	17,324
Administration grants		
Administration Grant: Department of Higher Education and Training	87,676	82,925

16. Grants received for student awards (non-exchange)

Department of Higher Education and Training*	7,311,787	6,037,402
Other South African government departments	271,951	288,692
Universities	473,532	227,835
Private sector	10,650	12,595
Department of Basic Education	893,867	687,579
Non-governmental organisations	220	198
Deferred income movement	(1,050,134)	72,697
	7,911,873	7,326,998

* Includes grants to provide for teacher training at universities and studies at Technical and Vocational Education Training colleges, received from the Department of Higher Education and Training and certain public entities.

17. Personnel costs (exchange)

Salaries	41,225	26,785
Leave	800	316
Employee Benefits - other*	23,837	11,816
	65,862	38,917

* Other employee benefits include Medical and Pension Fund contributions, disability and all other costs. The entity operates a defined contribution retirement plan for all employees.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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18. Asset management fees (exchange)

Administration and management fees - third party*	72	585
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* During the financial year all financial assets classified at fair value were de-recognised and placed in accounts with the Corporation for Public Deposit, as required by National Treasury Regulations.

19. Irrecoverable debts written off (non-exchange)

Debt write-off - Student Loan*	13,278	1,584
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* Irrecoverable debts written off amount includes, death, disability, and migration write-offs required with the transfer of loan data to the new loans and bursaries management system.

Migration write-off:	R11,959,701	
Less than R50 debtor balance write-off	R41,358	
Deceased debtors write-off	R1,182,617	R1,584,308
Disabled debtors	R94,668	
Total	R13,278,346	R1,584,308

20. Audit fees (exchange)

External audit fees*	4,101	2,833
Internal audit fees and other services	5,810	6,105
	9,911	8,938

External Audit Fees:		
Fees for 2011/2012 audit		R462
Fees for 2012/2013 audit	R3,188	R2,371
Fees for 2013/2014 audit	R913	
Total:	R4,101	R2,833

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
21. Cash generated from/(utilised in) operations		
Surplus for the year	799,160	1,187,997
Adjustments for:		
Depreciation and amortisation	30,810	4,539
Model adjustments	16,656	25,192
Fair Value adjustments	(679)	1,742
Social benefit component on student loans*	1,699,572	1,527,734
(Loss)/profit on funds invested	(16)	111
Impairment loss*	308,145	241,046
Net interest income	(655,457)	(596,805)
Movements in provisions	2,976	(11,389)
Changes in working capital:		
Trade and other receivables (non-exchange)	(23,987)	(1,307)
Prepayments to institutions (exchange)	148,249	(561,061)
Student loans (exchange) - short term	(2,947,752)	(2,577,036)
Amounts owing by institutions (exchange)	(28,325)	(72,913)
Student loans receipts	338,820	422,809
Trade and other payables (exchange transactions)	(892)	7,914
Unallocated debtor receipts written back	11,013	95,319
Amounts due to institutions (non-exchange)	298,424	1,462
Deferred income	1,151,942	(550,723)
	1,148,659	(855,369)

* Refer to note 8.

22. Operating lease liability

Operating lease payments represent rental payable for the leasing of office space in Wynberg Mews. Below are the terms of the lease agreement:

- A lease agreement for the 1st and 2nd Floor, Wynberg Mews for the period 1 March 2013 till 30 April 2016 was entered into with an escalation rate of 8,5% per annum.
- no contingent rent is payable on both rental agreements.

Refer to note 14.

23. Unallocated debtors receipts (non-exchange)

Unallocated debtor receipts (Historical)	24	16
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Amounts received by the entity without a valid reference to loan accounts or not yet allocated at year end not yet allocated to individual loan accounts, are recorded in the annual financial statements against student loans. Every attempt is made with the relevant bank to establish the identity of the depositor. When these unidentified amounts have been outstanding for more than five (5) years, they are written off to income. In the event that debtors subsequently claim and prove amounts which had previously been deposited by them, the amounts will at that stage be set off against the students loan account as a payment and reflected as an expense in the financial statements. The amount written back to income is R23,763 (2013: R15,547).

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
24. Interest revenue (exchange)		
Interest on student loans*	513,097	461,403
Interest on funds invested**	142,360	135,402
	655,457	596,805

Asset management fees for the period ended 31 March 2014 of R72,000 (2013: R585,000) were incurred on the funds invested.

* Refer to note 18.

** Interest on funds invested relates to the following categories:

Administration grants and fees	1,483	1,756
Donor funds	104,201	97,341
Recovered funds	36,676	36,305
	142,360	135,402

25. Commission Revenue - sBux

Commission Revenue - sBux*	284	-
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* The entity embarked on the implementation of a new mobile banking solution referred to as sBux which was designed to provide assistance to beneficiaries in the form of subsistence and book allowances. The amount disclosed is the 50% of commission on transactions payable to NSFAS. These funds are designated to provide financial assistance to eligible students.

26. Consulting and professional fees (exchange)

Consultancy Fees: IT - Finance	-	4
Consultancy Fees: IT	3	242
Consultancy Fees: Management Finance	1,497	2,708
Transformation: Consultants Fees*	1,962	17,472
Business Development Services: SLC	-	171
Consultancy Fees: Management: IT	-	1,274
Compliance Consultancy Fees	137	137
Legal expenses	2,228	1,249
	5,827	23,257

* The significant decrease in consulting fees is a result of capitalisation of professional fees to the new core loans and bursaries management system.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	------------------

27. Taxation

The entity has an obtained income tax exemption from the Commissioner for the South African Revenue Services under section 10(1)(cA)(i) of the Income Tax Act, 1962 as amended. This exemption is applicable from the date on which the entity was established.

28. Commitments

Authorised capital expenditure

The entity had capital commitments for the following items as at 31 March 2014:

Office furniture	-	451
IT equipment	1,308	497
Consulting and other services	21,933	73,826
	23,241	74,774

R6,444,638 included in the total relates to commitments in respect of the approved implementation of the core loans and bursaries management system for the student centred operating model.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1,275	1,175
- in second to fifth year inclusive	1,508	2,783
	2,783	3,958

Refer to note 22.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	------------------

29. Contingencies

Contingent assets:

- Investments

There is a contingent asset of market value R15,519,819 in the form of the NSFAS contribution to the Fundisa Fund. The Fundisa Fund is a dedicated educational savings scheme with a unique co-contribution feature of an additional 25% of an investor's savings added annually to a maximum of R600 per annum. This feature was made possible through a joint venture between government, through NSFAS, and the Association for Savings and Investment South Africa (ASISA) and is intended to help South Africans afford a high quality, accredited qualification for their children or a learner of their choice at a public college or university. NSFAS transferred R20 million to the Fundisa Fund on 19 April 2012 as its total commitment to the co-contribution feature. Vesting of the NSFAS co-contribution amount occurs on successful registration by nominated beneficiaries who are eligible in terms of the NSFAS criteria for financial assistance. The contingent asset is net of the vesting amount of R1,237,427 (2013: R4,531,021) during the year under review.

Contingent liabilities:

- Financial Structure

NSFAS holds a Corporate Access Management Services/Payment and Collections Services agreement (CAMS/PACS) with the corporate bankers that facilitates electronic payments and debit order processing. The Payments and Collections Services agreement that facilitates debit order deductions from debtors requires a settlement facility of R1,200,000 (2013: R1,200,000). A settlement facility of R8,500,000 (2013: R8,500,000) is required for payroll. An encashment facility of R2,000 is in place to facilitate Petty Cash.

NSFAS has a short term contingent facility (bank guarantee) of R500,000 (2013: R500,000) in favour of the South African Post Office that facilitates the timely mailing of quarterly statements to all debtors.

NSFAS has entered into agreements with various donors and educational institutions to fund students. The arrangement with the educational institutions is that NSFAS will take up loan agreements forms from the institutions and include these as part of the NSFAS loan book. These arrangements do not include any transfer of cash between NSFAS and the Universities. Any recoveries against this portion of the book are then re-injected to fund future generations of students. This arrangement is in line with the NSFAS mandate of increasing the pool of funds available to students. The total amount of institution recoveries that is available to fund future students as at reporting date is R65,916,531. As explained in note 38 there is a possibility that in future more Universities might request to be paid back money from the recoveries.

- Employee Relations

There is a contingent liability arising from legal proceedings instituted by the former Executive Officer who was dismissed in the 2012 financial year. The case is still ongoing at the Labour Court of South Africa as a result a reliable estimate can not be determined.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
30. Related parties		
Relationships		
Board Members	Refer to the Report of the Board members	
Executive Authority	Dr. Bonginkosi Emmanuel Nzimande, MP	
Controlling Entity	Department of Higher Education and Training	
Other Government Departments	Department of Agriculture, Forestry and Fisheries	
	Department of Labour	
	Department of Social Development	
	Department of Basic Education	
	Department of Defence and Military Veterans	
	National Skills Fund	
Public Entities	Agricultural SETA	
	Banking SETA	
	Chemical Industries Education and Training Authority	
	Construction Education and Training Authority	
	Education, Training and Development Practices SETA	
	Fibre Processing and Manufacturing SETA	
	Finance and Accounting Services SETA	
	Government Communication and Information System	
	Health and Welfare SETA	
	Local Government SETA	
	Manufacturing Engineering and Related Services SETA	
	Mining Qualifications Authority	
	Media Information and Communication Technologies SETA	
	Safety and Security SETA	
	Services SETA	
	Energy and Water Services SETA	
	Transport Education and Training Authority	
	Wholesale and Retail SETA	
Members of key management	Msulwa Daca (Executive Officer - 1 February 2013)	
	Eugene Johannes (Acting Chief Financial Officer - 1 February 2013 - 30 November 2013)	
	Lerato Nage (Chief Financial Officer - 1 December 2013)	
	Xolisa Peter (Chief Information Officer - 1 January 2013)	

Related party transactions

Administration grants and fees		
Department of Higher Education and Training	87,676	82,925
Grants received for student awards		
Department of Agriculture, Forestry and Fisheries	1,475	13,375
Department of Higher Education and Training - Universities	3,693,295	3,377,902
Department of Higher Education and Training - TVET Colleges	1,988,434	1,734,834
Department of Basic Education - Funza Lushaka Teacher Bursaries	893,867	687,579
Wholesale and Retail SETA	-	72,200
National Skills Fund	1,630,058	924,662
Department of Social Development	250,000	256,000
Agricultural SETA	6,983	-
Finance and Accounting Services SETA	66,500	-
Department of Defence and Military Veterans	3,880	-
Education, Training and Development Practices SETA	15,200	-
Construction Education and Training Authority	46,836	-

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
30. Related parties (continued)		
Safety and Security SETA	8,550	-
Local Government SETA	48,750	-
Health and Welfare SETA	10,942	-
Manufacturing Engineering and Related Services SETA	20,000	-
Services SETA	146,464	-
	8,831,234	7,066,552
Grants received in advance from related parties		
Finance and Accounting Services SETA	60,000	-
Department of Agriculture, Forestry and Fisheries	14,727	1,475
Department of Defence and Military Veterans	12,000	-
Mining and Minerals SETA	35,000	-
Administration fees from related parties		
Wholesale and Retail SETA	-	8,300
Media Information Communication and Information SETA	-	350
National Skills Fund	4,978	7,797
Department of Agriculture, Forestry and Fisheries	-	625
Department of Defence and Military Veterans	120	-
Agricultural SETA	368	-
Finance and Accounting Services SETA	3,500	-
Education, Training and Development Practices SETA	800	-
Health and Welfare SETA	950	-
Local Government SETA	1,250	-
Safety and Security SETA	450	-
Services SETA	2,228	-
Other funds received from related parties		
Wholesale and Retail SETA	-	85,500
Media Information and Communication SETA	-	6,650
Banking SETA	-	3,000
Receivables from related parties		
Government Communication and Information Service	329	571
Banking SETA	819	-
Chemical Industries Education and Training Authority	2,254	-
Transport Education and Training Authority	928	-
Expenditure by related parties		
Government Communication and Information Service	942	700
Compensation to Board members and key management		
Meeting fees and per diem allowances	614	216
Short-term employee benefits	6,244	4,201
Exit Strategy remuneration*	130	954
Post-employee benefits to key management	341	330
	7,329	5,701

* Exit Strategy remuneration was paid to a designated board member who was requested by the Executive Authority to commit additional time in support of NSFAS during the period under review.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	---------------

31. Board members' and key management emoluments

Key management

2014

	Basic salary	Bonuses	Allowances	Employer contributions	Total
Executive Officer	1,410	-	-	227	1,637
Chief Financial Officer *****	703	-	-	70	773
Chief Financial Officer *****	604	-	-	9	613
Chief Information Officer	946	-	-	153	1,099
Senior Managers*****	1,837	-	-	262	2,099
	5,500	-	-	721	6,221

2013

	Basic salary	Bonuses	Allowances	Employer contributions	Total
Executive Officer*	494	-	9	48	551
Executive Officer**	510	-	-	6	516
Executive Officer***	204	-	6	30	240
Chief Financial Officer****	1,009	-	30	150	1,189
Chief Financial Officer*****	81	-	45	17	143
Chief Information Officer*****	188	-	11	23	222
Senior Managers*****	1,180	80	24	182	1,466
	3,666	80	125	456	4,327

* Resigned 30 June 2012
 ** Acting 1 August 2012 - 31 January 2013
 *** Appointed 1 February 2013
 **** Appointed 1 January 2012 - 31 January 2013
 ***** Acting 1 February 2013
 ***** Appointed 1 January 2013
 ***** Includes the following Senior Managers:
 Human Resources and Administration
 Loans and Bursaries
 Information Technology - Appointed 1 April 2012 - 31 July 2012
 Information Technology - Appointed 13 August 2012
 ***** Acting CFO 1 February 2013 - 30 November 2013
 ***** Appointed 1 December 2013
 ***** Includes the following Senior Managers:
 Human Resources and Administration
 Loans and Bursaries
 Performance
 General Manager: Corporate services

Board members' and key management emoluments

2014

	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
Exit Strategy remuneration	130	-	-	-	130
Travel costs	598	-	-	-	598
Board meeting fees	614	-	-	-	614
	1,342	-	-	-	1,342

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	---------------

31. Board members' and key management emoluments (continued)

2013

	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
Exit Strategy remuneration*	954	-	-	-	954
Travel costs	499	-	-	-	499
Board meeting fees	216	-	-	-	216
	1,669	-	-	-	1,669

* Exit Strategy remuneration was paid to designated Board members who were requested by the Executive Authority to commit additional time in support of NSFAS during the prior financial period.

32. Debtors loan book movements (non-exchange)

Assumption set used in the loan valuation model:

A new assumption setting exercise was undertaken for the 31 March 2014 valuation to take account of more recent loan data history and the passage of time. The exercise was informed by the following Management considerations and decisions relating to differences to the prior valuation practice:

The data set for the assumption setting exercise would be based on loan data as at 30 September 2013, this being the date of the transition to the new loans and bursaries management system, rather than as at 31 December 2013. The additional complexity introduced by combining data from the old and new systems would not be justified by the limited additional data obtained to 31 December 2013.

All loans issued before 1999 have been excluded from the analysis to maintain an optimal balance between the relevance and quantity of data used in the assumption setting process. The 1999 date was chosen, in part, as the NSFAS Act came into effect in 1999 and data before this time reflect the predecessor organisations policies and practices. The manual model adjustment effected for the 31 March 2013 valuation to capture the impact of NSFAS no longer being able to automatically implement deductions from a debtor's salary and thus commence repayment once they established that a debtor was employed is no longer deemed necessary the new data better reflects the actual implications of the repeal of section 23 of the NSFAS Act.

Model adjustments

In estimating the fair value on initial recognition of student loans at initial recognition, assumptions described in note 1.2 have been applied. During the 2013 financial year the model and assumptions were adjusted to allow for the impact of the repeal of section 23 and the decrease in the South African Reserve Bank Repurchase Rate (repo) rate from 5,5% to 5,0% on 19 July 2012. In the current year the assumptions have been recalculated to take account of history up till September 2013 and adjusted to take out the previous section 23 adjustment and the increase in the repo rate from 5,0% to 5,5% on 29 January 2014. The 2014 assumption setting process also, excluding all data in respect of loans issued before 1999 from the assumption data set. As a result of these changes in assumptions a difference in value of the student portfolio of R16,655,657 (2013: - R25,192,471) is recorded.

Impairment loss

The expected future cash flows anticipated to arise from the loan book are reassessed each year. They take into account the status of the individual loans in the loan book and the adjusted assumptions based on an analysis of the historic experience of the loans. As the data related to the loan book changes with the passage of time, the value of the loan book will be reassessed and the cumulative impairment adjusted accordingly.

An impairment loss of R308,145,170 (2013:R 241,046,494) is reported as at 31 March 2014.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	---------------

33. Risk management

Financial risk management

The entity manages its net assets to ensure that it will be able to continue as a going concern, while meeting its overall objectives. The strategy was consistent with that applied in prior years. Funding is obtained primarily from grants received for student awards.

The entity has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the entity's exposure to each of the above risks. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of the entity's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the entity's risk management policies.

The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The entity's Audit and Risk Committee oversees how management monitors compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The entity's Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The entity has invested all surplus funds with the Corporation For Public Deposits of the South African Reserve Bank.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is considered medium due to the entity's conservative funding structure and its own cash generation. Management monitors rolling forecasts of the entity's cash and cash equivalents on the basis of the expected cash flow. NSFAS engages with the Department of Higher Education and Training on a continuous basis to ensure that it has the cash flows to meet the expected payments to universities as they fall due.

The carrying value of financial instruments approximates fair value.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	---------------

33. Risk management (continued)

Maturity analysis of financial liabilities

At March 2014	Less than 1 month	1 - 3 months	3 months to 1 year	Total
Accounts payable and provisions	27,585	-	64,510	92,095
Amounts due to institutions	300,042	-	-	300,042
	327,627	-	64,510	392,137

At March 2013	Less than 1 month	1 - 3 months	3 months to 1 year	Total
Accounts payable and provisions	28,468	-	54,951	83,419
Amounts due to institutions	1,618	-	-	1,618
	30,086	-	54,951	85,037

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for asset or liability
- **Level 3:** inputs for asset or liability that are not based on observable market data (unobservable inputs)

2014	Level 1	Level 2	Level 3	Total
Fair value financial assets*	-	-	-	-

2013	Level 1	Level 2	Level 3	Total
Fair value financial assets	13,745	170,859	7,950	192,554

* During the financial year all financial assets classified at fair value were de-recognised and placed in accounts with the Corporation for Public Deposit accounts, as required by National Treasury Regulations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The entity is exposed to one primary type of market risk, namely interest rate risk.

Interest rate risk

Interest rate risk refers to the impact on future cash flows from student loans. Interest rate risk on other financial assets is not significant as the investment profile is conservative in nature. Interest rate risk on student loans is managed principally through linking interest charged on outstanding student loans to the Repurchase rate, as determined by the South African Reserve Bank from time to time.

Interest rate risk profile

At the reporting date the interest rate profile of the entity's interest-bearing financial instruments was:

Variable rate instruments		
Student loans	7,550,063	6,452,407
Other variable rate instruments	1,842,415	620,018
	9,392,478	7,072,425

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	---------------

33. Risk management (continued)

Valuation sensitivity analysis for variable rate interest instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) surplus or deficit by R18,424,150. This analysis assumes that all other variables remain constant.

Valuation sensitivity analysis for student loans

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) surplus or deficit by the amounts shown below. This analysis assumes that all other variables remain constant.

Student loans		
100 basis points increase	21,639,746	0,3%
100 basis points decrease	(19,702,079)	(0,3)%

Credit risk

Credit risk is the risk of financial loss to the entity if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the entity's receivables from student loans. This risk is mitigated by the loan terms which make the loans due and payable only in the event of a borrower becoming employed and having an income above a predetermined threshold level. Fair value financial assets, loans and receivables and cash and cash equivalents are exposed to credit risk. The initial day-one loss adjustment is therefore not considered to be a reflection of credit risk, but actually represents the social benefit element of the loans.

The maximum credit risk exposure is: R9,56 billion (2013: R7,2billion), which is the total of all assets, excluding prepayments, property, plant and equipment and intangible assets.

The entity limits its exposure to credit risk on loans advanced as a result of implementing legislative policy. The granting of student loans is governed by well established criteria, including a national means test which is updated on an annual basis. Internal systems are regularly enhanced to ensure constant improvement in the entity's loan recovery strategy.

Allowances for impairment

The entity establishes an allowance for impairment that represents its estimate of incurred losses in respect of its assets. A collective loss is established for groups of similar assets in respect of losses that may have been incurred but not yet identified, on an individual basis. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and in the case of the student loan portfolio based on the mortality over the following year.

The impairment is calculated as the difference between the expected cash flow profile and the experienced payment, transitions from the student state and mortality.

Write off policy

The entity writes off a student loan and any related allowances for impairment losses, when the entity determines that the loan is uncollectable. This determination is made after verification of the notification of the death or permanent disability of the debtor.

A list of identity numbers is sent to the Department of Home Affairs on a quarterly basis for verification of deceased debtors while medical certification of permanent disability is required. The specific loans are then written off on approval by the Board.

During the financial year under review the entity wrote off debts amounting to R1,018,292 (2013: R1,584,309) after verification of deceased and permanently disabled debtors in respect of whom the required notification had been received.

Loans and other receivables and Cash and cash equivalents

The entity only deposits cash with major banks with high quality credit standing (A-3 short term local currency credit rating) and limits exposure to any one counter party. Consequently, the entity does not consider there to be any significant exposure to credit risk.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	---------------

33. Risk management (continued)

Impairment losses

The impairment loss recognised on student loans during the year resulted from changes in the mortality rates, payments profile and actual transition from the student state.

Portfolio Status

The entity's exposure to credit risk is influenced mainly by the number of loans issued to the borrowers. The fifth loan to a single borrower is considered more risky than their first loan as the previous loans need to be repaid before the first payment occurs on the fifth loan. As a result the loan payments are expected to be received later and there is also a greater chance of the borrower passing away before completing the repayment of the loan. The demographics of the NSFAS's student base is also considered as this has an influence on credit risk, that is age and gender are factors that influence the expected mortality of the borrowers. There is no significant exposure to a single student. Geographically there is no concentration of credit risk.

The portfolio has been segregated in the table below to indicate the composition of the portfolio by loan number. The repayment experience is higher on the initial loans than on the later loans.

Loan number	Number of loans	Transaction value	Percentage of total value
1	740,973	7,389,153,262	40%
2	395,409	4,760,450,564	26%
3	262,516	3,240,954,396	17%
4	135,069	1,674,348,111	9%
5+	125,821	1,531,570,423	8%
	1,659,788	18,596,476,756	100%

The portfolio has been segregated to indicate the number of loans that were settled over the last year as well as the number of loans that are currently being paid and not being paid. Where the loans are not being paid this is not due to a credit event but due to the loans not being due and payable as a result of the borrower being unemployed or earning below the repayment threshold.

	Loans in force	Currently paying	Not currently paying
Student	716,785	-	716,785
Graduate	408,440	49,281	359,159
Drop-out	534,563	87,593	446,970
	1,659,788	136,874	1,522,914

Price risk

The entity's other financial assets are low risk investments. Therefore, fair value or future cash flows as a result of market price changes is immaterial.

The Fair Value movements would increase/decrease as a result of gains or losses on securities designated at fair value. All financial instruments are classified at amortised cost except for investments designated at fair value.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
34. Irregular expenditure		
Opening balance	69,960	62,024
Add: Irregular Expenditure for current year per supplier:	-	-
1) Spearhead Property Holdings (Pty) Ltd	-	1,083
2) Systems Link Cape (Pty) Ltd	-	111
3) Cheadle Thompson and Haysom Attorneys	130	205
4) Lithotech Afric Mail Cape (Pty) Ltd	-	359
5) Rennies Travel (Pty) Ltd	-	1,823
6) Contact Personnel	-	340
7) Accountants on Call	-	278
8) Ayanda Mbanga	-	410
9) Enforce Security	-	269
Sub total:	130	4,878
Specific suppliers for which the PPPFA was not applied		
10) Servest interior solutions	2	-
11) Busi Ntuli	-	116
12) Edward Nathan National	-	34
13) Biddulphs	-	34
14) Introstat	45	120
15) Exclusive Chauffeuring	-	51
16) Draft FCB	-	192
17) Khusela Solutions	-	37
18) Brima Logistics	29	-
19) K-Line Foods	7	-
Subtotal specific suppliers for which the PPPFA was not applied	83	584
Other areas of non-compliance		
20) Three quotations not obtained	154	1,490
21) No quotes, tax clearance certificates and declarations of interest	-	286
22) No tax clearance certificates and/or declarations of interest	-	698
Subtotal other areas non-compliance	154	2,474
Irregular expenditure for the year	367	7,936
Less: Amounts condoned	-	-
	70,327	69,960

Analysis of expenditure awaiting condonation per age classification*

Current year	70,327	69,960
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Current Year Irregular Expenditure:

- 10) – 19) These suppliers have been classed as irregular as the PPPFA was not applied in the procurement of these services.
 20) This represents the total value procured from a number of smaller suppliers without obtaining the required number of quotations.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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34. Irregular expenditure (continued)

As part of enhancing the control environment and to comply with supply chain regulations going forward, NSFAS has put in place processes and procedures to assist in regularising the procurement environment and to reduce the amount irregular expenditure going forward. These include:

- A SCM policy has been approved and implemented.
- Disciplinary action will be taken against staff members who do not comply with the NSFAS's SCM policy.
- Employment of a full-time SCM manager and Senior Manager as well as two staff members within the SCM department and additional resources, as required.
- Efforts made to develop a preferred supplier database and to qualify suppliers on this database. As part of this process, tax clearance certificates and declarations of interest were obtained from suppliers.
- Many of NSFAS' historical long standing suppliers that have been reported as irregular in the past and current year, have been subjected to tendering processes. NSFAS will continue to take the necessary disciplinary procedures in relation to irregular expenditure, where appropriate.

35. Budget information

Legislation requires the entity to submit a budget for the Minister's approval in August each year. The variance arose due to refinements performed by NSFAS on the initial approved budget. All changes to the initial approved budget were approved by the Accounting Authority.

Revenue:

Note 35.1: Administration grants (non-exchange)

Final Budget includes the following: current year administration grant, retention of surplus, roll over of previous year transformation budget. Whereas the actual amount received is only the administration grant for the current year.

Note 35.2: Administration fees (non-exchange)

Administration fees relate to fees charged on grants received from other government institutions, these fees which are received during the period and will be utilised in the following financial year. The final budget amount relates to the administration fees expected to be received in the current financial year.

Expenditure:

Note 35.3: Depreciation and amortisation

Depreciation on intangible assets was not factored into the budget.

Note 35.4: Bursaries - Other funding sources (non-exchange)

The difference between the final budget and actual expenditure is as a result of the loan portion for student awards which is reflected in the Statement of Financial Position.

Note 35.5: General expenditure (exchange)

The reasons for the variance is due to the administration costs of two universities which NSFAS settles on behalf of National Skills Fund. The administration cost is part of the allocation received from National Skills Fund and is not included in the original budget.

Note 35.6

These items are not budgeted for.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
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36. Utilisation of investments and cash and cash equivalents

Investments and cash and cash equivalents totalling R1,8 billion (2013: R620 million) include R255 million (2013: R226 million) recovered funds that NSFAS holds for re-injection into student loans and bursaries. A further R1,57 billion is held by NSFAS on behalf of funders for allocation by the entity on instruction of the funder. These funds represent unspent grants and interest thereon. The balance remaining of R40 million, inclusive of interest, comprises operational funds attributed to administration grants.

The entity expects to provide loans and bursaries to students amounting to approximately R8,1 billion* for the 2014 academic year. This will be funded from expected new grants and the recovered funds money referred to above. The projected cash flow for these expected funds and NSFAS recovered money is as follows:

Quarter Ending	Expected new grants	NSFAS re-injection	Cumulative
June 2014	4,609,104	212,051	4,821,155
September 2014	1,750,314	170,958	1,921,272
December 2014	1,304,964	41,094	1,346,058
	7,664,382	424,103	8,088,485

* Prepayments to the value of R623 million (2013: R797 million), utilising recovered funds, have been made to institutions as at 31 March 2014.

During the financial year all financial assets classified at fair value were de-recognised and placed in accounts with the Corporation for Public Deposit accounts, as required by National Treasury Regulations.

37. Analysis of surplus

Operational		
Administration grants	87,676	82,926
Administration fees	14,856	17,324
Interest received	655,457	596,806
Other income (exchange)	-	124
sBux - Commission revenue	284	-
Unallocated debtors receipts	24	16
Less: Administration and investment costs	(148,598)	(102,490)
Realised profit/(loss) on funds invested (non-exchange)	16	(111)
Surplus	609,715	594,595
Capital		
Grants received for student awards*	7,911,873	7,326,995
Bursaries	(5,680,031)	(4,926,441)
Fundisa Fund Expense Accrual	-	(20,000)
Irrecoverable debts	(13,278)	(1,584)
Impairment loss	(346,941)	(241,046)
Social benefit component on student loans	(1,661,764)	(1,507,604)
Model Adjustments	(16,656)	(25,192)
Fair Value adjustments for investments	679	(1,742)
Credit balances on student loans	(4,437)	(9,985)
	189,445	593,401

* Grants received for student awards are reflected after the deferred income movement amount of R1,050,134,239 has been netted off.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Notes to the Annual Financial Statements

Amounts in Rand thousand	2014	Restated 2013
--------------------------	------	---------------

The difference of R2,227,839,466 between "Grants received for student awards" and "Bursaries" is attributable to:

- Eligible students registered at public Technical and Vocational Education and Training Colleges receiving 100% bursaries.
- University students eligible for Final Year Programme funding benefiting from a 100% bursary conversion on meeting the requirements for graduation.
- University students eligible for all other categories of loan funding qualifying for a bursary conversion of up to 40% based on academic criteria.
- University and other students eligible for National Skills Fund, Funza Lushaka and other categories of Bursary funding receiving 100% bursary funding.

38. Recoveries and unspent grants paid (non-exchange)

Recoveries and unspent grants paid	-	147
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NSFAS has entered into agreements with various donors and universities to fund students. In terms of the agreements, student loans funded by the educational universities are awarded on the basis of a NSFAS loan agreement and the loan amount is included in the NSFAS loan book. These arrangements do not include any transfer of cash between NSFAS and the universities. Any recoveries against this portion of the book are then re-injected to fund future generations of students. This arrangement is in line with the NSFAS mandate to raise funds. The total amount of universities recoveries that is available to fund future students as at reporting date is R65,916,531 (2013: R76,705,480). There is a possibility that in future more universities might request to be paid back money from the recoveries.

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Supplementary Information

Amounts in Rand thousand	2014	Restated 2013
1. Grants received for student awards (expressed in Rand thousand)		
Grants received for student awards		
Communicare	220	198
Department of Agriculture, Forestry and Fisheries	1,475	13,375
Department of Higher Education and Training	3,693,295	3,377,902
Department of Higher Education and Training - TVET Colleges*	1,988,434	1,734,834
Department of Basic Education - Funza Lushaka Teacher Bursaries**	893,867	671,912
National Skills Fund	1,630,058	924,662
Department of Social Development	250,000	256,000
Eastern Cape Provincial Government	20,476	19,317
Nedbank	10,650	12,595
Department of Basic Education - EU Funza Lushaka Teacher Bursaries	-	15,667
Wholesale and Retail SETA	-	72,200
Agricultural SETA	6,983	-
Finance and Accounting Services SETA	66,500	-
Department of Defence and Military Veterans	3,880	-
Education, Training and Development Practices SETA	15,200	-
Construction Education and Training Authority	46,836	-
Safety and Security SETA	8,550	-
Local Government SETA	48,750	-
Health and Welfare SETA	10,942	-
Manufacturing, Engineering and Related Services SETA	20,000	-
Services SETA	146,464	-
	8,862,580	7,098,662

* Bursaries for training at Technical and Vocation Educational and Training Colleges.

** Bursaries for teacher training at Universities.

Capital grants from universities		
University of Cape Town	14,188	21,656
University of the Free State	606	1,126
University of Johannesburg	-	2,472
Nelson Mandela Metropolitan University	3,250	3,217
University of Pretoria	8,830	10,856
Rhodes University	-	26,305
University of South Africa	67,687	79,848
Tshwane University of Technology	-	4,408
Vaal University of Technology	-	5,748
Durban University of Technology	865	-
	95,426	155,636

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

NATIONAL STUDENT FINANCIAL AID SCHEME

Annual Financial Statements for the year ended 31 March 2014

Supplementary Information

Amounts in Rand thousand	2014	Restated 2013
2. Operational expenses (expressed in Rand thousand)		
Accommodation	80	177
Advertising	359	361
Assessment rates & municipal charges	233	193
Audit fees - external	4,101	2,833
Audit fees - internal & other	5,810	6,105
Transformation sBux Pilot Project: Merchants	106	-
Bank charges	407	558
Broader communications strategy	1,711	886
Business development services	145	2,992
Cleaning	(62)	1,129
Collection costs	3,120	319
Compliance - National Credit Regulator	287	270
Computer expenses	5,298	2,896
Computer services	703	-
Consulting fees	1,833	4,228
Courier services	1	1
Electricity	605	376
Insurance	205	165
Lease rentals on operating lease	2,996	1,704
Legal expenses	2,228	1,249
Motor vehicle expenses	15	10
Office expenses	339	250
Placement fees	1,894	1,641
Postage	135	1,666
Printing and stationery	583	1,130
Promotions	174	562
Renovation costs	36	29
Repairs and maintenance	223	455
Salaries - secondments	9	-
Security services	464	473
Storage and scanning (outsourced)	1,445	889
Subscriptions and membership fees	(4)	32
Telephone and fax	2,074	1,578
Training	1,165	577
Transformation: Consultant Fee	1,962	17,472
Travel and subsistence	4,940	2,408
Administration Costs	5,582	127
Exit Strategy - Remuneration costs	131	1,556
Water	87	71
Workshops	436	1,115
	51,856	58,483

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

“I’m really grateful for the funding support I received from NSFAS as it allowed me to achieve my dream of acquiring a university degree, a first in my family.”



HlUMANi Ndlovu

Born and raised in rural Pietermaritzburg, I was fortunate to have great teachers who surprisingly saw some potential in me and put a lot of effort to nurture it. I managed to pass my matric with exemption.

I was told to go to the student funding office to apply for National Student Financial Aid Scheme (NSFAS) funding since I could not afford to pay for my studies. I duly submitted my application forms and within a matter of days, I was informed that my application was successful. I never experienced any problems with NSFAS, all my allowances were paid on time. I’m really grateful for the funding support I received from NSFAS as it allowed me to achieve my dream of acquiring a university degree, a first in my family. I enrolled to study Biomolecular Technology, a degree that allowed me to major in Biochemistry, Genetics and Microbiology.

I cruised through picking up certificates of merits and Dean’s commendation. I finished my degree in record time with distinction (cum laude). I went on to pursue an Honours degree in Biochemistry and subsequently a Masters degree, both degrees, I completed with distinction.

I then decided to apply for a doctoral position at the University of Cape Town, in a laboratory of Professor Frank Brombacher in the Division of Immunology. I went through a rigorous selection process and fortunately I was selected to join a pioneering international PhD programme between South African universities and the University of Wurzburg in Germany, that was co-founded by the National Research Foundation and the German government. This was a great learning opportunity for me as I had opportunities to travel overseas for conferences and training. I completed my doctoral degree in May 2013 and pursued postdoctoral training with the same mentor.

Nelson Mandela once said, “Education is the most powerful weapon which you can use to change the world”. This quote aptly sums up my struggle to attain a higher education qualification so that I could liberate myself from mental poverty, change the socio-economic conditions of my family, my community and society at large.

By providing access to employment, we can restore the dignity of our people and truly begin to build a rainbow nation where all the colours of the rainbow are visible.

“I obtained 7 distinctions because NSFAS gave me the opportunity to shine.”



Perseverance Mtshweni

I was humbly raised by both my parents in a township called KwaThema, outside of Johannesburg.

My mother is a shelf-packer assistant and is the only bread winner in the family, she could not afford to pay my fees, but NSFAS came to my assistance.

I studied Electrical Infrastructure Construction at Ekurhuleni Technical and Vocational Education and Training (TVET) college after completing my Grade 12 in 2006.

I obtained 7 distinctions because NSFAS gave me the opportunity to shine. NSFAS funded my studies and made sure I had food to eat, because of NSFAS I am where I am today.

I am doing my apprenticeship at NCP Chlorchem.



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