HIGHER EDUCATION AUTHORITY

"Ensuring Quality in Higher Education"

# 2018 Annual Report

## Higher Education Authority

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# Mandate

To regulate and monitor standards in Higher Education Institutions in order to ensure quality services and contribute to the enhancement of human capital and accelerated national development.

# Vision

A dynamic quality assurance body promoting internationally recognised Zambian higher education.

# Mission Statement

To promote standards of higher education in order to ensure knowledgeable, skilled and well-disposed internationally recognised graduates for enhanced human capital and accelerated national development.

# Core Values

a) **Commitment:** We will be dedicated to duty.
b) **Confidentiality:** We will be trustworthy by not revealing or disclosing privileged information to unauthorised persons.
c) **Team work:** We shall cooperate with others and work to the best of our abilities, despite any personal conflict that may arise between individuals to foster unity of purpose.
d) **Courtesy:** We will be polite in our internal and external interactions.
e) **Honesty:** We will uphold trustworthiness in all our dealings.
f) **Integrity:** We will put Higher Education Authority obligations above our personal interests and conduct ourselves in a manner that is beyond
g) **Transparency**: We will act visibly, predictably and understandably to promote participation and accountability.

# Table Of Contents

# Abbreviations & Acronyms

| | |
|---|---|
| 7NDP | Seventh National Development Plan |
| ACS | Agriculture and Commercial Show |
| APAS | Annual Performance Appraisal System |
| HEA | Higher Education Authority |
| HEIs | Higher Education Institutions |
| LPEs | Learning Programmes Experts |
| LPs | Learning Programmes |
| MIS | Management Information System |
| MoU | Memorandum of Understanding |
| TEVETA | Technical Education, Vocational and |
| | Entrepreneurship Training Authority |
| UNZA | University of Zambia |
| ZAQA | Zambia Qualifications Authority |
| ZITF | Zambia International Trade Fair |

# Who We Are

The Higher Education Authority (HEA) is a statutory body established under the Higher Education Act No. 4 of 2013, to provide external quality assurance for Higher Education Institutions (HEIs) in Zambia. It began its operations in 2015.

The Authority is governed by a Board, whose members are drawn from Government, Civil Society and Professional Bodies.

# What We Do

Register private Higher Education Institutions

Advise the Minister on any aspect of higher education.

Conduct audits of Higher Education Institutions

Conduct inspections and suveillances of institutions operating in the higher education sector.

Development and monitoring of standards in universities and colleges.

Accreditation of Learning Programmes (LPs) offered in both private and public univesities and colleges.

# Our Team

## Management Team

**Prof. Stephen Simukanga,**
Director-General

**Dr. Vitalicy Chifwepa,**
Director – Quality Assurance

**Mr. Ronald Chulu,**
Manager – Finance

**Mrs. Elizabeth Namonje Hamvumba,**
Manager – Programme Accreditation

**Dr. Orleans Mfune,**
Manager – Standards, Research and Institutional Audits

## HEA Management and Staff

(Front Row L-R)

Mr. Ronald Chulu, Manager – Finance; Dr. Vitalicy Chifwepa, Director – Quality Assurance; Professor Stephen Simukanga, Director General; Mrs. Elizabeth N. Hamvumba, Manager - Programme Accreditation; and, Dr. Orleans Mfune, Manager – Standards, Research & Institutional Audits

(Back Row L-R)

Mr. Birbal Boniface Musoba, Corporate Communications Officer; Ms. Mitchelle Chiyala, Standards and Research Officer; Mr. Denny Nsokolo, Senior Standards and Research Officer; Ms. Bertha Miyanda, Inspector – Institutional Audits; Mrs. Betty Mwiinga Lungu, Documentation and Registry Officer; Mrs. Getrude Mweetwa Mubika, Personal Assistant to the Director General; Mr. Frank Mutale, Programme Accreditation Officer; Mr. Prince Phiri, Office Assistant; Mr. Milimo Haketa, Human Resource Officer (2018 – 2019); Mr. Suzyo Soko, Senior Inspector – Institutional Audits; Mr. Martin Mushumba, Senior Programme Accreditation Officer; Mr. Mwansa Kabanda, Inspector – Institutional Audits; Mr. Kabungo Chembe, Inspector – Institutional Audits; Mr. Thomas Monde, Purchasing and Supplies Officer; and, Mr. Muyase Phiri, Inspector – Institutional Audits.

# 2018 Highlights

Income: **K23,711,261**
Expenditure: **K14,456,059**
Surplus: **K9,255,202**

**148**
No. of Accredited LPs

**105**
No. of LP Experts Trained

**61**
No. of Registered HEIs

**01**
No. of Deregistered Institutions

**10**
No. of Institution al Audits

**13**
No. of Staff

**23**
No. of Newsletters

**178.4%**
Facebook growth (Jan-Dec 2018)

# A Message from the Permanent Secretary, Ministry of Higher Education

I am pleased to present the 2018 Annual Report for the Higher Education Authority, which has been compiled in accordance with of the First Schedule, Part II, Section 10 of the Higher Education Act, No. 4 of 2013.

The year 2018 saw the expansive growth of the Higher Education Authority. The Government of the Republic of Zambia increased the annual grant allocated to the Authority from K5,484,075.00 in 2017 to K20,484,075.00 in 2018. This resulted in HEA's enhanced institutional capacity.

The increased investment in the Higher Education Authority demonstrates government's commitment to quality in higher education. Further, this increased investment would enable the Authority to fulfil its mandate of providing external quality assurance services and ensure that the objectives in the Seventh National Development Plan (7NDP) under Pillar four (4) on "Enhancing Human Development", under the Development Outcome 2: Improved Education and Skills Development, are achieved.

To fulfil its mandate, the Authority, in the year under review, began the implementation of the 2018 – 2021 Strategic Plan. The Strategic Plan provided the operational framework for the execution of the Authority's mandate through the following strategic objectives: Enhance Higher Education Legislative Framework; Improve Service Delivery; Enhance Human Capital; Improve Operational Capacity; Enhance Management and Technical Systems; and, Increase Financial Base.

To achieve the strategic objectives, the Authority intensified activities relating to registration, surveillances, inspections and auditing of Higher Education Institutions, and accreditation of Learning Programmes. These activities were critical in enhancing educational quality and developing a robust higher education system that meets the aspirations of the country.

The Government of the Republic of Zambia will continue to invest in the higher education sector to ensure sustained growth through increased access and quality education. I am convinced that the future of higher education in Zambia will be quality assured and will greatly contribute to the development of the nation.

**Mr. Mabvuto Sakala**
Permanent Secretary
Ministry of Higher Education

# A Message from the Director-General

The year 2018 was a landmark year for the Higher Education Authority in ensuring quality in higher education. Milestones were achieved in the implementation of the 2018 – 2021 Strategic Plan in the following areas:

## Institutional Capacity

In the year under review, the Authority strengthened its institutional capacity through organisational restructuring by increasing the staff establishment from 24 to 39. Consequently, 14 new members of staff were recruited, thereby increasing the staff compliment from 9 to 23, representing 59% of the total establishment.

## Programme Accreditation

In 2018, the Authority recorded an increase in applications for accreditation of Learning Programmes from 159 in 2017 to 641. In turn, the Authority increased the pace of the accreditation process in order to respond to the increased submissions. By the end of the year, 246 were evaluated and 148 accredited, while 395 LPs were still undergoing the accreditation process.

Further, the Authority trained a total of 36 Learning Programmes Experts (LPEs), increasing the database to 105 from the initial 69 that were trained in 2017.

LPE orientation training is based on the gaps identified in the expert database once a Higher Education Institution has applied for Learning Programme accreditation. Therefore, LPEs were trained in 2017 as this marked the beginning of the Authority's accreditation process. For the Year 2018, very few gaps were identified in the expert database, hence the reduction in the number of LPE oriented.

## Inspections and Institutional Audits

The Authority registered 3 new HEIs and 6 Campuses. In addition, a number of institutions were inspected for the purposes of monitoring compliance to set standards. This resulted in the identification of 12 illegally operating institutions. Further, 10 institutional audits were conducted which resulted in the deregistration of a Higher Education Institution.

## Stakeholder Engagement

To increase awareness of the Authority's mandate, the Authority undertook 44 stakeholder engagements. These included radio and TV appearances, workshops, national events, advertisements, and newsletters.

## Strategic Partnerships

In order to increase capacity, the Authority signed an agreement with UNESCO for capacity building of its staff and that of other regulatory bodies in Zambia. Further, the Authority continued to work with other actors in the higher education sector on matters of common interest.

## Conclusion

The year 2018 could be best described as the 'take off' year when the Authority intensified quality assurance operations. I am grateful to the Government of the Republic of Zambia for its continued investment in higher education.

**Professor Stephen Simukanga**
Director-General
Higher Education Authority

# Introduction

The 2018 Annual Report has been compiled in accordance with the First Schedule, Part II, Section 10 of the Higher Education Act, No. 4 of 2013. The Act requires that the Authority submits to the Minister of Higher Education a report concerning its activities during each financial year.

In the year under review, a number of developments occurred which are the focus of this report. In particular, the Authority experienced growth in three (3) major areas, which are financing, institutional capacity and quality assurance activities. The report is intended to provide an insight into the progress made by the Authority in the aforementioned areas during the reporting period.

The report is structured in four (4) parts. The first part focuses on institutional capacity development in terms of budgetary allocations, strategic planning and restructuring, and staff recruitment.

The second part gives highlights of quality assurance activities undertaken during the year in terms of registrations of Higher Education Institutions (HEIs), accreditation of Learning Programmes (LPs), inspections, surveillances and auditing of HEIs.

In the third part, the report focuses on stakeholder engagement activities undertaken during the year.

In the last part of the report, the audited Financial Statement for the year 2018 are presented.

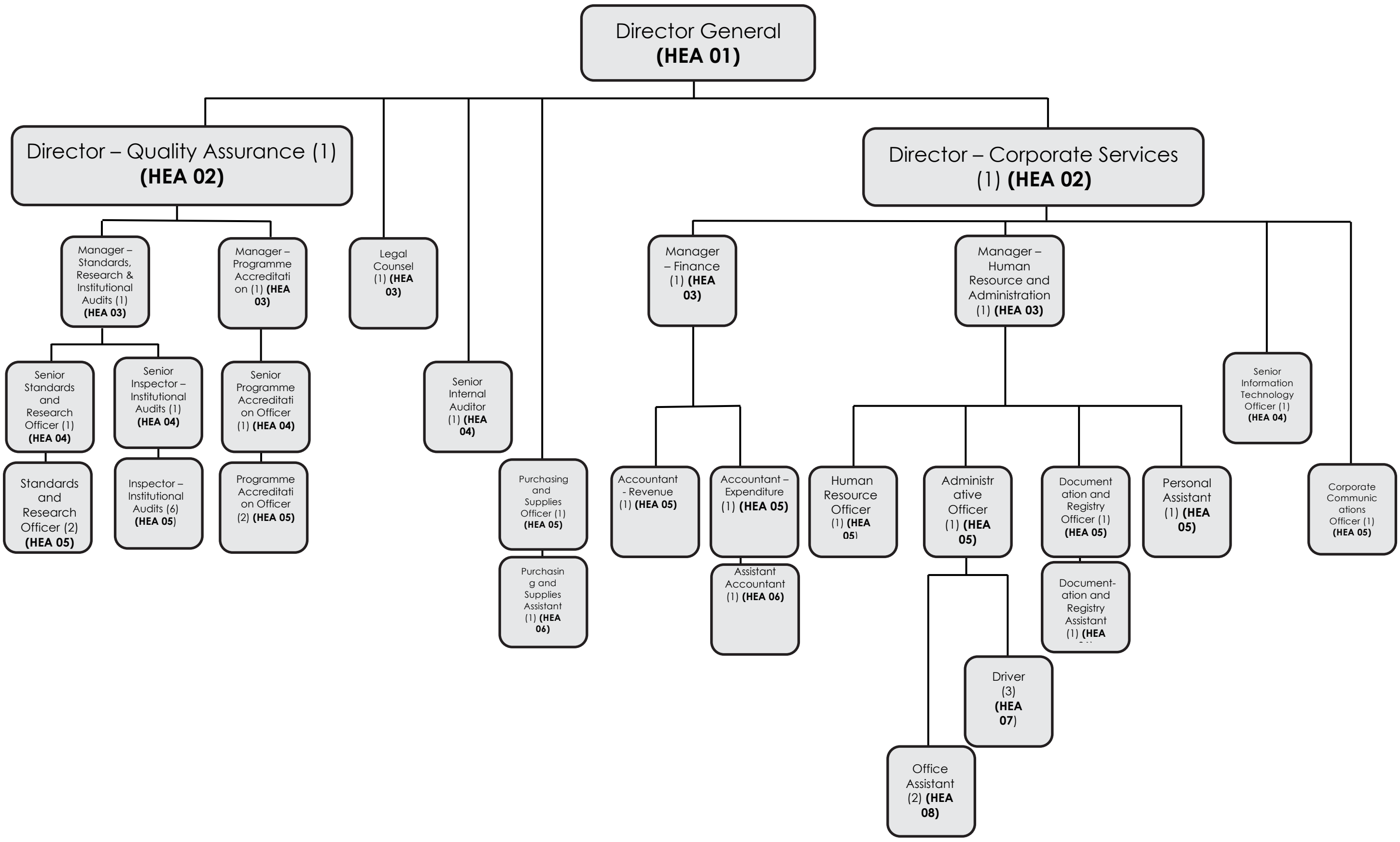
# Institutional Capacity Development

During the year under review, the Higher Education Authority (HEA) developed its first Strategic Plan for the period 2018 – 2021. The implementation of this Strategic Plan resulted in the restructuring of the Authority leading to the recruitment of new staff.

In the restructuring process, the positions of Director Quality Assurance, Registration and Accreditation and that of Director Finance and Administration were renamed to Director – Quality Assurance and Director – Corporate Services, respectively. Further, the positions of Manager Quality Assurance, Registration and Accreditation, and Manager Finance and Administration were phased out. In place of Manager Quality Assurance, Registration and Accreditation, two positions were created – that of Manager Programme Accreditation and Manager Standards, Research and Institutional Audits. Furthermore, the position of Manager Finance and Administration was split into two – Manager Finance, and Manager Human Resource and Administration.

In addition, an Inspectorate unit was established in accordance with the provisions of the Higher Education Act.

The new organisation structure has 39 positions as opposed to the 24 positions of the previous establishment, translating into an increase of 15 positions. The figure on the next page shows the new organogram after the restructuring process.




To operationalise the strategic plan and resulting organisational structure, the government increased funding to the Authority in 2018. The annual grant was increased from K5 million in 2017 to K20 million in 2018, representing a 300% increase. In addition to funding the recruitment of new staff, this increment was instrumental in facilitating intensified quality assurance activities.

# Staff Appointments

**Mrs. Elizabeth Namonje Hamvumba** was promoted to Manager – Programme Accreditation.

**Dr. Orleans Mfune** was appointed as Manager – Standards, Research and Intuitional Audits

**Mrs. Bertha Miyanda** was appointed as Inspector – Institutional Audits

**Ms. Mitchelle Chiyala** was appointed as Standards and Research Officer Inspector

**Mr. Chembe Kabungo** was appointed as Inspector – Institutional Audits

**Mr. Muyase Phiri** was appointed as Inspector – Institutional Audits

**Mr. Frank Mutale** was appointed as Programme Accreditation Officer

**Mr. Denny Nsokolo** was appointed as Senior Standards and Research Officer

**Mr. Suzyo Soko** was appointed as Senior Inspector – Institutional Audits

**Mr. Martin Mushumba** was appointed as Senior Programme Accreditation Officer

**Mr. Mwansa Kabanda** was appointed as Inspector – Institutional Audits

**Mr. Milimo Haketa** was appointed as Human Resource Officer

**Mr. Thomas Monde** was appointed as Purchasing and Supplies Officer

**Mr. Joseph Munachonga** was appointed as Assistant Accountant

**Mr. William Phiri** was appointed as Driver

# Quality Assurance Activities

In 2018, there was an increase in the number quality assurance activities. This was manifested in the number of applications for registration of Higher Education Institutions (HEIs) and accreditation of Learning Programmes (LPs) evaluated. As a result, the Authority received 21 applications for registration of new HEIs and campuses of already existing HEIs.

After the evaluation of the applications, 3 new HEIs and 6 new campuses of existing HEIs were registered, representing a success rate of 43%. Further, 12 applications for registration of HEIs failed to meet HEA registration requirement representing a failure rate of 57%. In addition, 1 HEI was deregistered for failing to comply with standards.

Consequently, as of December 2018, the number of registered HEIs increased from 58 in 2017 to 61.

The Table below shows the list of registered HEIs as of December, 2018.

| | HEI | Reg No. | Reg Date | Mode | Province |
|---|---|---|---|---|---|
| 1. | Africa Open University | HEA/059 | June, 2017 | ODL | Lusaka |
| 2. | Africa Research University | HEA/001 | February, 2016 | FT and ODL | Lusaka |
| 3. | African Christian University | HEA/011 | March, 2016 | FT and ODL | Copperbelt |
| 4. | Alliance International University* | Deregistered on 27th March, 2018 | | | |
| 5. | Ambassador International University | HEA/060 | August, 2016 | FT | Lusaka |
| 6. | Cavendish University | HEA/003 | February, 2016 | FT and ODL | Lusaka |
| | Cavendish University – Longacres Campus | HEA/070 | September, 2018 | | |
| 7. | CHAZ University | HEA/058 | August, 2016 | FT and ODL | Lusaka |
| 8. | Chreso University | HEA/022 | June, 2016 | FT and ODL | Lusaka |
| 9. | Citizen University | HEA/051 | March, 2017 | FT | Lusaka |
| 10. | City University of Science and Technology | HEA/041 | December, 2016 | FT and ODL | Lusaka |
| 11. | Copperstone University | HEA/030 | August, 2016 | FT and ODL | Copperbelt |
| 12. | Damelin University | HEA/012 | March, 2016 | FT and ODL | Lusaka |
| 13. | DMI-St Eugene University – Woodlands Campus | HEA/031 | August, 2016 | FT | Lusaka |

| | HEI | Reg No. | Reg Date | Mode | Province |
|---|---|---|---|---|---|
| | DMI-St Eugene, Chibombo Campus | HEA/023 | June, 2016 | FT and ODL | Central |
| | DMI-St Eugene, Chipata Campus | HEA/024 | June, 2016 | FT and ODL | Eastern |
| 14. | Eastern University | HEA/032 | August, 2016 | ODL | Eastern |
| 15. | Eden University | HEA/038 | December, 2016 | FT and ODL | Lusaka |
| 16. | Evangelical University | HEA/025 | June, 2016 | FT | Copperbelt |
| 17. | Foundation for Cross Cultural University | HEA/004 | February, 2016 | FT and ODL | Copperbelt |
| 18. | Gideon Robert University | HEA/033 | August, 2016 | FT and ODL | Lusaka |
| 19. | Greenlight University | HEA/013 | March, 2016 | ODL | Lusaka |
| 20. | Harvest University | HEA/034 | August, 2016 | FT | Lusaka |
| 21. | Information and Communication University | HEA/014 | March, 2016 | FT and ODL | Lusaka |
| 22. | John David University | HEA/050 | March, 2017 | FT | Southern |
| 23. | Justo Mwale University | HEA/015 | March, 2016 | FT and ODL | Lusaka |
| 24. | Kenneth Kaunda Metropolitan University | HEA/016 | March, 2016 | FT and ODL | Lusaka |
| 25. | Livingstone International University of Tourism Excellence and Business Management (LIUTEBM) | HEA/026 | June, 2016 | FT and ODL | Lusaka |
| 26. | Lusaka Apex Medical University (LAMU) | HEA/035 | August, 2016 | FT | Lusaka |
| | LAMU – Charles Lwanga Campus | HEA/066 | September, 2018 | | |
| | LAMU – Mutandwa Campus | HEA/067 | | | |
| | LAMU – Olympia Campus | HEA/068 | | | |
| | LAMU – Tick Campus | HEA/069 | | | |
| 27. | Management College of Southern Africa (MANCOSA) | HEA/042 | December, 2016 | ODL | Lusaka |
| 28. | Mansfield University | HEA/048 | March, 2017 | FT | Lusaka |
| 29. | Mosa University College of Education & Health Sciences | HEA/056 | June, 2017 | FT | Central |
| 30. | Northrise University | HEA/005 | February, 2016 | FT and ODL | Copperbelt |
| 31. | Oak University | HEA/020 | June, 2016 | FT and ODL | Lusaka |
| 32. | Paglory University | HEA/017 | March, 2016 | FT and ODL | Central |
| 33. | Pamodzi University | HEA/049 | March, 2017 | ODL | Lusaka |

| | HEI | Reg No. | Reg Date | Mode | Province |
|---|---|---|---|---|---|
| 34. | Rockview University | HEA/036 | August, 2016 | FT and ODL | Lusaka |
| 35. | Rusangu University | HEA/007 | February, 2016 | FT and ODL | Southern |
| | Rusangu University Lusaka Campus | HEA/061 | August, 2017 | | Lusaka |
| | Rusangu University – Copperbelt Campus | HEA/065 | September, 2018 | | Copperbelt |
| 36. | South Valley University | HEA/043 | December, 2016 | ODL | Southern |
| 37. | Southern Acacia University | HEA/037 | December, 2016 | Part Time and ODL | Lusaka |
| 38. | Southern University | HEA/008 | February, 2016 | FT and ODL | Southern |
| 39. | St. Dominic's Major Seminary | HEA/006 | February, 2016 | FT | Lusaka |
| 40. | Sunningdale University | HEA/052 | March, 2017 | FT and ODL | Lusaka |
| 41. | Supershine University | HEA/057 | June, 2017 | ODL | Lusaka |
| 42. | Sylva University | HEA/027 | June, 2016 | FT and ODL | Lusaka |
| 43. | Texila American University | HEA/021 | June, 2016 | FT and ODL | Lusaka |
| 44. | The University of Barotseland | HEA/040 | December, 2016 | FT and ODL | Western |
| 45. | Trans-Africa Christian University | HEA/046 | December, 2016 | FT and ODL | Copperbelt |
| 46. | Trinity University | HEA/018 | March, 2016 | FT | Copperbelt |
| 47. | Twin Palm Leadership University | HEA/044 | December, 2016 | FT | Lusaka |
| 48. | UNICAF (Zambia Limited) University | HEA/053 | March, 2017 | ODL | Lusaka |
| 49. | United Church of Zambia University | HEA/047 | December, 2016 | FT and ODL | Lusaka |
| 50. | University of Africa | HEA/028 | June, 2016 | ODL | Lusaka |
| 51. | University of East and Southern Africa (UNESA) | HEA/045 | December, 2016 | FT and ODL | Lusaka |
| 52. | University of Lusaka | HEA/009 | February, 2016 | FT, Part Time and ODL | Lusaka |
| 53. | Victoria Falls University of Technology | HEA/029 | June, 2016 | FT and ODL | Southern |

| | HEI | Reg No. | Reg Date | Mode | Province |
|---|---|---|---|---|---|
| 54. | Zambia Catholic University | HEA/019 | March, 2016 | FT and ODL | Copperbelt |
| 55. | Zambian Christian University | HEA/054 | March, 2017 | FT and ODL | Southern |
| 56. | Zambian Open University | HEA/010 | February, 2016 | ODL | Lusaka |
| 57. | Zambian Royal Medical University | HEA/055 | June, 2016 | FT | Lusaka |
| 58. | ZCAS University | HEA/039 | December, 2016 | FT and ODL | Lusaka |
| 59. | Bethel University | HEA/062 | September, 2018 | FT and ODL | Western |
| 60. | Blessings University | HEA/063 | September, 2018 | FT and ODL | Lusaka |
| 61. | St. Bonaventure University | HEA/064 | September, 2018 | FT | Lusaka |

# Accreditation of Learning Programmes

The Authority continued the evaluation of LPs for accreditation as part of its quality assurance process. The process is marked by a binary outcome were an LP is evaluated against set standards and either recommended for accreditation or rejected.

## 641

In 2018, HEA received 641 LPs from various HEIs which included institutions that were applying for registration as HEIs. Out of the 641 LPs submitted, 246 LPs completed the accreditation cycle, while 395 LPs were still undergoing evaluation by the end of the reporting period.

## 148

Out of the 246 LPs that completed the cycle, 148 LPs were accredited, representing a success rate of 60%, while rejection rate was at 40%, representing 98 LPs rejected. The failure rate was largely due to institutions having inadequate and inappropriate teaching staff, poorly developed curriculum content, and inadequate physical infrastructure for teaching and learning.

## 03

In order to improve on these areas, the Authority reinforced the accreditation requirement at registration were all institutions applying for registration needed to have at least 3 LPs accredited among other registration requirements, in order for them to qualify for registration. In addition, the already existing HEIs were engaged on the need to accredit newly developed learning programmes before starting to offer them.

| | |
|---|---|
| **Category 1** | - Agriculture and Nature conservation |
| **Category 2** | - Creative arts |
| **Category 3** | - Business, Commerce and Management Studies |
| **Category 4** | - Communication Studies and Languages |
| **Category 5** | - Education, Training and Development |
| **Category 6** | - Manufacturing, Engineering and Technology |
| **Category 7** | - Humanities and Social Sciences |
| **Category 8** | - Law, Military Science and Security |
| **Category 9** | - Health Sciences |
| **Category 10** | - Physical, Mathematics, Computer and Life Sciences |
| **Category 11** | - Services |
| **Category 12** | - Physical Planning and Construction |

# Stakeholder Engagement

The Higher Education Authority (HEA) continued its stakeholder engagement programmes aimed at promoting brand awareness and institutional visibility through participating in national and local events. This allowed the Authority to engage with the public fostering discourse on higher education in Zambia. Events that the Authority participated were, among others, Public Service Day, Inter-Company Relay, Zambia International Trade Fair, the 91st Agricultural and Commercial Show, and World AIDS Day.

*HEA Management and Staff took part in its first ever HEA picture day. This was meant to bolster the image of the Authority with professional images that would be used as official images of Management and Staff.*

*HEA Management and Staff at the 2018 Inter-Company Relay at the Showgrounds in Lusaka.*

*HEA Management and Staff at the 2018 Public Service Day exhibition at East Park Mall in Lusaka.*

*HEA exhibited at 55th Zambia International Trade Fair. In the picture, Dr. Chifwepa, Mrs. Hamvumba and Mr. Musoba engage primary school pupils who visited the HEA Stand under the MoHE in Ndola.*

*HEA exhibited during the 92nd Agriculture and Commercial Show together the Zambia Qualifications Authority (ZAQA) and Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA).*

***(L-R)*** *Mr. Clive Siachiyako, TEVETA Manager – Corporate Affairs and Communications; Mrs. Betty Lungu (4-L), HEA Registry Officer; Mrs. Hamvumba; Mrs. Patricia Bwalya, HEA Accountant – Revenue; Mrs. Mercy Ngoma, ZAQA Assistant Director – Corporate Services; Dr. Chifwepa; Professor Simukanga; Mr. Cleophus Takaiza, TEVETA Acting Director General; Mr. Phiri; Mr. Chulu; Mrs. Gertrude Mubika, HEA Personal Assistant to the Director-General (4-R); and, Mr. Musoba.*


*Professor Simukanga takes an eye examination at HEA as part of the wellness programmes that were organised for World AIDS Day. HEA continues to promote and foster a healthy working environment by ensuring that their Management and Staff are healthy.*

*Professor Simukanga holds a press briefing over the closure of Alliance University.*

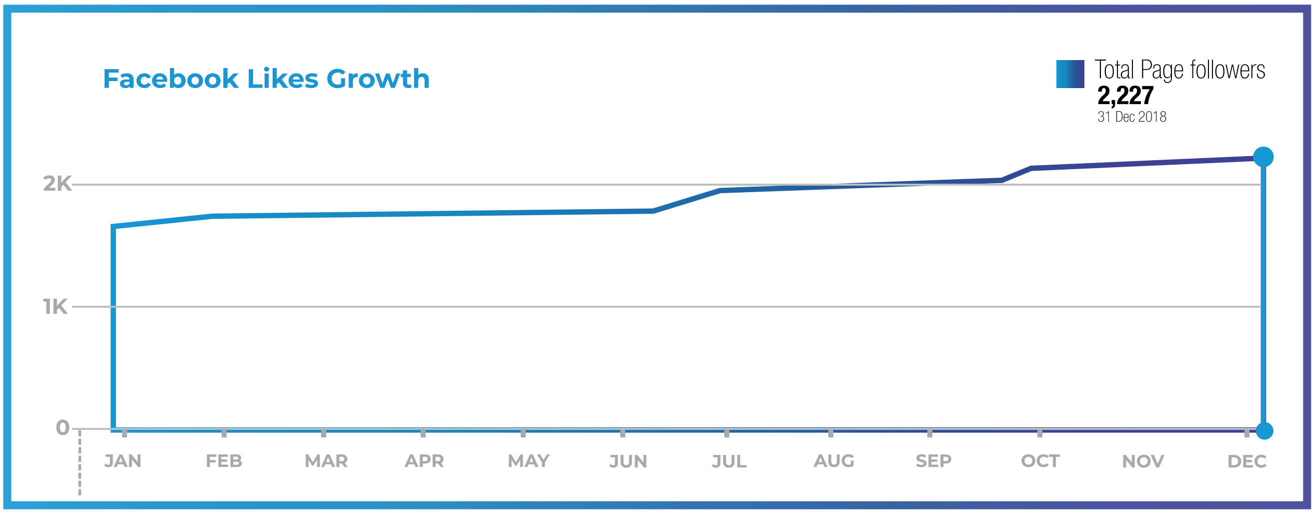
*Dr. Chifwepa poses for a picture with student audience members after a live recording at ZNBC Studios in Lusaka during which the Director – Quality Assurance fielded questions from the audience on the state of higher education in Zambia.*

Furthermore, through its media outreach, HEA interacted with 18 media houses through interviews and press clarifications. These included Africa Business Radio, Hone FM, Jive Radio, Live Radio, Prime TV, QTV, Radio Christian Voice, Phoenix FM, Times of Zambia Newspaper, UNZA Radio, Zambia Daily Mail Newspaper, ZNBC Radio 1, ZNBC Radio 4, ZNBC TV 1, and ZNBC TV 2.

Through this continued media outreach, HEA was able to disseminate 13 press releases which ranged from the closure of HEIs due to the January cholera outbreak to the deregistration of an HEI.

HEA's outreach programmes extended to its digital presence through its social media engagement. Social media engagement focused on building an organic following on Facebook as a means of marketing the Authority's communication platforms, including its website. Thus, HEA's digital footprint increased exponential over the year from below 1,000 followers in 2017 to 2,227 followers by the end of 2018. The increase in followers resulted in increased interactions with the public, thus, fostering a positive image of HEA's brand.

The increased and pronounced digital presence led to an increase in the number of queries received from the general public regarding institutions purporting to offer higher education in Zambia. The increased queries resulted in increased incidences of verification of registration statuses of institutions and accreditation status of their Learning Programmes.




Besides participating in national events and social media engagements, the Authority's stakeholder engagement activities included hosting and taking part in quality assurance promotion events locally and internationally. These events and meetings included Higher Education Policy Validation Workshop; UNESCO Quality Assurance Workshop; World Bank Representatives' visit to HEA offices; UNESCO Inception Meeting for the UNESCO-Shenzhen Funds-in-Trust Project on Strengthening Quality Assurance in Higher Education in Africa, and its counterpart meeting in Johannesburg, South Africa.

Further, HEA participated in the Southern African Quality Assurance Network (SAQAN) 4$^{th}$ Southern African Regional Conference on Quality Assurance in Higher Education in Maseru, Lesotho; UNESCO Regional Consultation Meeting in Johannesburg; the Inter University Council for Eastern Africa (IUCEA) and the World Bank organised Regional Consultation Meeting in Kigali, Rwanda; and, the Dakar and Addis-Ababa Workshops on the Status of Higher Education Quality Assurance in Africa.

Other meetings were held with the Patents and Companies Registration Agency (PACRA) on how the two organisations could work together in the registration of companies that intended to operate as private higher education institutions in Zambia.


*The Authority took part in the Validation Meetings held by the Ministry of Higher Education (MoHE) over the Higher Education Policy. In the picture, participants of the Northern Region meeting pose for a photo with the Permanent Secretary, Mr. Mabvuto Sakala.*

*In the picture, participants of the Southern Region meeting of MoHE's Higher Education Policy Validation Meeting, which was held at Mulungushi University in Kabwe, pose for a photo.*


# ENSURING QUALITY IN HIGHER EDUCATION

# Strategic Partnerships

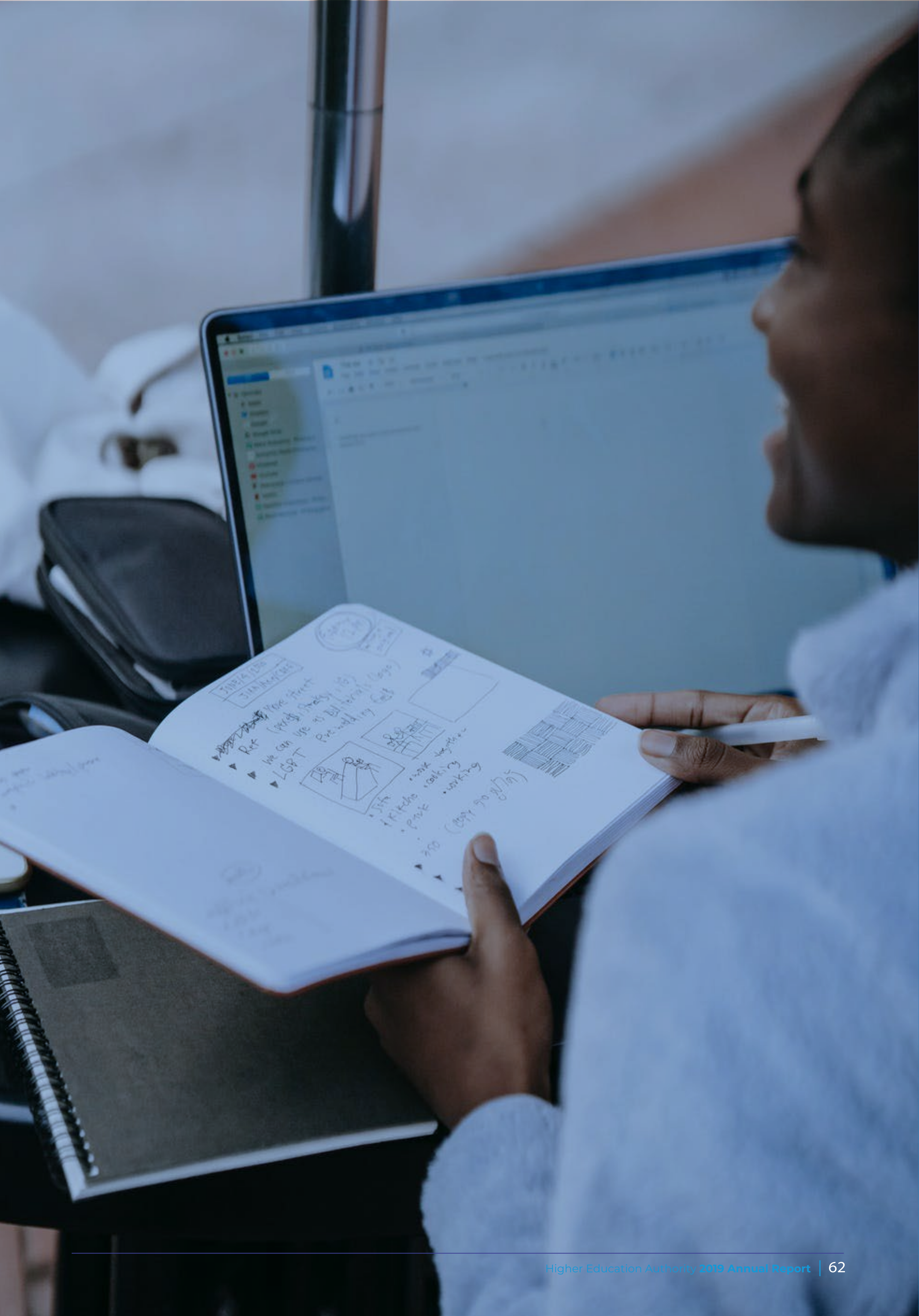

*HEA entered into an MoU with TCZ.*

***(L-R)** Mr. Steven Mumbi, Legal Council; Ms. Ngoza Malonga, TCZ Spokesperson; Dr. Ebby Mubanga, TCZ Registrar; Professor Simukanga; Mrs. Esther Kasambala, Human Resource Management and Development Officer; and, Dr. Mfune.*

In order to promote collaboration with other regulatory bodies in education, HEA signed a Memorandum of Understanding (MoU) with the Teaching Council of Zambia (TCZ) on 11th December, 2018, at Mulungushi International Conference Centre in Lusaka.

The MoU established the manner in which the parties would interact with each other in respect of evaluation, auditing and accreditation of Learning Programmes in education. It further established the manner in which the parties would interact with each other in terms of registration of student teachers training in education institutions.


***(L-R)*** *The Director-General and the Registrar exchange signed MoUs.*



# FINANCIAL REPORTS 2018

THE AUDITED ACCOUNTS HAVE BEEN PUBLISHED AS THEY APPEAR IN THE AUDIT REPORTS SUBMITTED BY THE OFFICE OF THE AUDITOR GENERAL

# HIGHER EDUCATION AUTHORITY

## FINANCIAL STATEMENTS

**For the year ended 31st December 2018**

**THE AUDITOR GENERAL**
**P.O Box 50071**
**Lusaka - Zambia**

# HIGHER EDUCATION AUTHORITY (HEA)

## STATEMENTS OF SOURCES AND UTILISATION OF FUNDS FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER 2018

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# HIGHER EDUCATION AUTHORITY

## GENERAL INFORMATION
31 December 2018

| | |
|---|---|
| **Country of incorporation** | **Zambia** |
| **Nature of business and principal activities** | Higher Education Authority (HEA/the Authority) is a Statutory Institution established by the Higher Education Act No. 4 of 2013 to regulate, coordinate and monitor standards of Higher Education in Zambia. |
| **Registered office** | Mukuba Pension House<br>Dedan Kimathi Road<br>Lusaka |
| **Business address** | Mukuba Pension House<br>P.O Box 50795 Dedan Kimathi Road<br>Lusaka |
| **Postal address** | P.O Box 50795<br>Lusaka |
| **Bankers** | Investrust Bank Plc<br>ZANACO Bank Pie |
| **Auditors** | AMG Global Chartered Accountants (Zambia)<br>No. 6, Lagos Road<br>Rhodes Park P.O Box 37893<br>Lusaka |

HIGHER EDUCATION AUTHORITY

## STATEMENT OF THE RESPOSIBILITIES OF THE DIRECTOR
31 December 2018

The Directors are required, in terms of the Higher Education Authority Act, No. 4 of 2013, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRSs). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRSs and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The Directors have reviewed the Authority's cash flow forecasts for the year ending 31 December 2019 and, in the light of this review and the current financial position, they are satisfied that the Authority has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Authority's financial statements. The financial statements have been examined by the Authority's external auditors and their report is presented on page 5 and 6.

The financial statements, set out on pages 7 to 25 which have been prepared on the going concern basis, were approved by the Board on..........10 - 12 - 2020........ and were signed on its behalf by:

DIRECTOR GENERAL

RP

BOARD CHAIRPERSON

HIGHER EDUCATION AUTHORITY

# DIRECTORS' REPORT
31 December 2018

Directors have pleasure in submitting their financial report for the year ended 31 December 2018.

1. **Principal Mandate**
   The mandate of the Authority is to coordinate, regulate and monitor standards of Higher Education in Zambia in accordance with the Higher Education Act No. 4 of 2013.

2. **Financial Results**
   The Authority's results for the year were as follows:-

| | 2018 ZMW | 2017 ZMW |
|---|---|---|
| **Income** | 4 556 075 | 2 110 968 |
| **Grants received** | 19 155 186 | 5 484 075 |
| **Total comprehensive surplus** | 9 272 208 | 823 200 |

3. **Equipment**
   During the year the Authority acquired equipment worth ZMW3 717 549 (20l7:ZMW564014).
   The Authority disposed off a Motor vehicle with a cost of ZMW343 039.(2017:Nil).

4. **Employees**
   The average number of employees during the year was 23 (2017: 1 1) and their total remuneration was ZMW6 530 296 (2017: ZMW 2 76 2 610 ).

5. **Health and safety**
   The Authority is committed to ensuring the health, safety and welfare at work of its employees and for protecting other persons against risk to health or safety arising out of or in connection with the activities at work of those employees.

6. **Gifts and Donations**
   There were no gifts and donations during the financial year (2017:Nil).

7. **Directors**
   There was no sitting Board in 2018.

8. **Other material facts, circumstances and events**
   The directors are not aware of any material facts, circumstances or events which occurred between the accounting date and the date of this report which might influence an assessment of the Authority's financial position or the results of its operations.

HIGHER EDUCATION AUTHORITY

# DIRECTORS' REPORT
31 December 2018

9. **Annual Financial Statements**
   The Annual Financial Statements are set out on pages 7 to 25.

10. **Auditors**
    The Authority's auditors, AMG Global Chartered Accountants (Zambia), have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at an appropriate Board Meeting.

11. **Registered Office**
    The registered office of the Authority is as follows:

Mukuba Pension House
P.O Box 50795
Dedan Kimathi Road
Lusakaa

By order of the Board:

**DIRECTOR GENERAL**

**Date:** IO - 12 - 2020

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HIGHER EDUCATION AUTHORITY

We have audited the accompanying financial statements of Higher Education Authority, set out on pages 7 to 25, which comprise the statement of financial position as at 31 December 2018, statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Opinion**
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Higher Education Authority as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) (modified to take into account the nature of the organisation) and the requirements of the Higher Education Act, No. 4 of2013.

**Basis for Opinion**
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**I. Revenue recognition of fees/or services rendered**

| The key audit matter | How the matter was addressed in the audit |
|---|---|
| The Authority recognises fees on receipt basis from the services rendered, instead of the accruals basis. The Authority does not have a comprehensive database of all the Learning Programmes being offered in all the Higher Education Institutions in the country and therefore not all Learning Programmes are accredited.<br><br>This matter was considered a key audit matter because the fees are a significant source of income for the Authority to sustain its operations and are directly related to the Authority's mandate of coordinating, regulating and monitoring standards of Higher Education in Zambia in accordance with the Higher Education Act, No. 4 of 2013. | We reviewed the Authority's strategic plan and the various current collaborations, inspections and audits of Higher Education Institutions to ascertain how the Authority was encouraging the Higher Education Institutions to obtain accreditations for all their Learning Programmes.<br><br>We also reviewed the Authority's policy on revenue recognition, the enforcement of the Higher Education Act, the related internal controls on fees collection and verified recorded receipts. |

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in the manner required by the Higher Education Act, No. 4 of 2013, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free f om material misstatement, whether due to fraud or error.

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

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HIGHER EDUCATION AUTHORITY

Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial s tatements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**
In our opinion, the financial statements of the Higher Education Authority as of 31 December 2018 have been, in all material respects, properly prepared in accordance with the provisions of the Higher Education Act, No. 4 of 2013

AmgGlobal

**AMG Global**
**Chartered Accountants**

**DR FRIDAY NYAMBE**
**PARTNER**
**M/PC No.0000569**

**DATE**........18-12-2020..................

# HIGHER EDUCATION AUTHORITY

## STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

| | Note | 2018<br>ZMW | 2017<br>ZMW |
|---|---|---|---|
| Income | 2 | 4 556 075 | 2 110 968 |
| Grants received | 3 | 19 155 186 | 5 484 075 |
| **Total income** | | 23 711 261 | 7 595 043 |
| Expenditure | | (14 456 059) | (6 771 843) |
| Operating surplus | | 9 255 202 | 823 200 |
| Net financing income | 4 | 17 006 | - |
| **Total comprehensive surplus** | | 9 272 208 | 823 200 |

**HIGHER EDUCATION AUTHORITY**

## STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

| | Note | 2018 ZMW | 2017 ZMW |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| equipment | 9 | 4 171 555 | 1 656 243 |
| **Current assets** | | | |
| Accounts receivables | 10 | 163 543 | 404 543 |
| Cash and cash equivalents | 11 | 8 665 113 | 1 525 423 |
| | | 8 828 656 | 1 929 966 |
| **Total assets** | | 13 000 211 | 3 586 209 |
| **ACCUMULATED FUNDS AND LIABILITIES** | | | |
| **Accumulated funds** | | | |
| Opening balance | | 2 567 870 | 1 744 670 |
| Surplus for the year | | 9 272 208 | 823 200 |
| **Total accumulated funds** | 12 | 11 840 078 | 2 567 870 |
| **Current liabilities** | | | |
| Accounts payables | 13 | 1 160 133 | 1 018 339 |
| **Total accumulated funds and liabilities** | | 13 000 211 | 3 586 209 |

The financial statements on pages 7 to 25 were approved by the Board on...10 - 12 - 2020.....and were signed on their behalf by: -

............................................ RP

**DIRECTOR GENERAL** **BOARD CHAIRPERSON**

**HIGHER EDUCATION AUTHORITY**

# STATEMENT OF CASH FLOW
for the year ended 31 December 2018

| | Note | 2018 ZMW | 2017 ZMW |
|---|---|---|---|
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Operating cash flows** | | | |
| Operating surplus | | 9 255 202 | 823 200 |
| Adjustments for items not affecting cash flows: | | | |
| Depreciation on equipment | 9 | 893 442 | 408 906 |
| Loss on disposal of equipment | | 60 | - |
| Net operating cash flows before reinvestment in working capital | | 10 148 704 | 1 232 106 |
| Decrease/(increase) in accounts receivables | | 241 000 | (9 070) |
| Increase in accounts payables | | 141 794 | 611 709 |
| **Net cash flows from operations** | | 10 531 498 | 1 834 745 |
| **Returns from investments and servicing of finance** | | | |
| Interest received | 4 | 17 006 | - |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | 10 548 504 | 1 834 745 |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of equipment | 9 | (3 717 549 ) | (564 014) |
| proceeds from disposal of equipment | | 308 735 | - |
| | | (3 408 814) | (564 014) |
| Increase in cash and cash equivalents | | 7 139 690 | 1 270 731 |
| Cash and cash equivalents at the beginning of the year | | 1 525 423 | 254 692 |
| Cash and cash equivalents at the end of the year | 11 | 8 665 113 | 1 525 423 |

# HIGHER EDUCATION AUTHORITY
## ACCOUNTING POLICIES
31 December 2018

The principal accounting policies of the Authority, which are set out below, are consistently followed in all material respects.

**BASIS OF MEASUREMENT**
These financial statements were prepared under the historical cost convention, except for financial assets classified as fair value through profit or loss (FVTPL).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Authority takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level I, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level I, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Zambia Kwacha (ZMW), which is also the Authority's functional currency.

**Judgement and estimates**
The preparation of financial statements in compliance with IFRS requires Management to make certain critical accounting estimates. It also requires Management to exercise judgment in applying the Authority's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are:

- The classification of financial assets and liabilities;
- The residual values, the useful lives of prope1ty, plant and equipment and whether assets are impaired; and
- The classification of financial assets at FVTPL, which includes assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest on the principal amount outstanding.

The classification of financial instruments is determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

In addition, the disclosures that Management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgment.

## ADOPTION OF NEW ACCOUNTING STANDARDS

Accounting standards, interpretations, and amendments effective for accounting years beginning on or after January l, 2018 did not materially affect the Authority's financial statements.

### IFRS 9 Financial Instruments

On January l, 2018, the Authority adopted IFRS 9, Financial Instruments (IFRS 9), which supersedes IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, new guidance for measuring impairment on financial assets, and new hedge accounting guidance.

On adoption of IFRS 9, in accordance with its transitional provisions, the Authority has not restated prior periods but has reclassified the financial assets held at January l, 2018, retrospectively, based on the new classification requirements and the characteristics of each financial instrument as at the transition date. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. The Authority did not choose the option of designating any financial liabilities at FVTPL. As such, the adoption of IFRS 9 did not impact the Authority's accounting policies for financial liabilities. (i) Classification and measurement of financial instruments(I)

**(I) Classification and measurement of financial instruments**

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI), and FVTPL.

The following table shows the original classification and carrying amount under IAS 39 and the new classification and carrying amount under IFRS 9 for each class of the Authority's financial assets and financial liabilities as at January 1, 2018:

| Financial Instrument | Note | IAS 39 | | IFRS 9 | |
|---|---|---|---|---|---|
| | | Cate o | Amount ZMW | Cate o | Amount ZMW |
| Financial assets | | | | | |
| Cash and cash equivalents | I 1 | Loans and receivables | 1 525 423 | Amortised cost | 1 525 423 |
| Accounts receivables | 10 | Loans and receivables | 404 543 | Amortised cost | 404 543 |
| Financial liabilities | | | | | |
| Accounts payables | 13 | Other financial liabilities | 1 018 339 | Amortised cost | 1 018 339 |

**(ii) Impairment of financial assets**

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. This applies to financial assets classified at amo1tized cost and debt instruments classified at FVTOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39. This change did not have a material impact to the Authority's financial statements.

**(iii) Hedge accounting**

The new hedge accounting model which replaces hedge accounting guidance in IAS 39 did not impact the Authority's financial statements.

**(iii) Disclosure**

Amendments were also made to IFRS 7 introducing expanded qualitative and quantitative disclosures related to IFRS 9, which the Authority has also adopted for the annual period beginning January l, 2018.

**IFRS 15 Revenue from Contracts with Customers**
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded the current revenue recognition guidance including !AS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Authority recognises revenue from the following major source:

- Fees from services rendered; and
- Government Grants.

The implementation of this Standard did not have a material impact on the financial statements of the Authority.

**FUNCTIONAL CURRENCY AND TRANSLATION OF FOREIGN CURRENCIES**
The functional and presentation currency is the Zambian Kwacha (ZMW). Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Foreign currency monetary balances are translated at the rate of exchange ruling at the end of the financial year. Exchange differences are taken to the statement of comprehensive income in the year in which they arise.

**INCOME**
Income is recognised to the extent that it is probable that economic benefits will flow to the entity and the income can be measured reliably.
Income from services rendered by the Authority is accounted for on accrual basis. Income represents accreditation, registration and related fees earned by the Authority from services provided.

**Grants and non-monetary donations**
Grants are accounted for when there is reasonable assurance that the Authority will comply.»'ith the conditions attaching to them and that the grants are recognised when received. Non-monetary donations accounted for when received at cash or fair value.

No provision is made for any grants pledged by cooperating partners but not received during the year.

Grants for revenue expenditure are recognised in the statement of comprehensive income during the period in which they are received. Grants for capital expenditure and donations of non-monetary assets are credited to the Capital Grant account at their cash or fair values. The Capital Grant is transferred to the statement of comprehensive income each year on a systematic and rational basis over the useful lives of the related assets .

**NET FINANCING INCOME/COSTS**
Net financing income/costs comprise interest payable on borrowings calculated using the effective interest rate method, bank interest receivable, foreign exchange gains and losses that are recognised in the statement of comprehensive income.

## EQUIPMENT

### Carrying amount

Items of equipment are stated at cost/valuation less accumulated depreciation and impairment losses.

### Subsequent expenditure

Subsequent expenditure on items of equipment is capitalised only when it increases the future economic benefits embodied in the items of equipment. Non-current assets with a minimum value of ZMW 5, 000.00 are recognised at the time of acquisition with the exception of computers and its peripherals and transport equipment which are recognised despite the value being below ZMW 5,000.00.

### Depreciation

Depreciation is calculated to write off the cost of non-current assets on a reducing balance method over the expected useful lives of the assets. The principal annual rates used are:

| Asset Class | Rate |
|---|---|
| Leasehold and buildings | 2.5% |
| Plant and machinery | 25% |
| Motor vehicles Computers and peripherals | 25% |
| Library books | 25% |
| Furniture and fittings | 25% |
| Office equipment | 20% |

## IMPAIRMENT

The carrying amount of the Authority's assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such condition exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

### Reversal of impairment

An impairment loss in respect of a held-to maturity security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of other assets is reversed if there has been change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

### Cash and Cash Equivalents

Cash and equivalents are defined as cash on hand, and bank balances and short term, highly liquid investments readily conve1tible to known amounts of cash and subject to insignificant risk of changes in value.

## FINANCIAL INSTRUMENTS

### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or  when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and initial measurement of financial assets**
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Subsequent measurement of financial assets**
**Financial assets at amortised cost**
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amo1tised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

**Financial assets at fair value through profit or loss (FVTPL)**
Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

This category also contains equity investments. The equity investments were measured at cost less any impairment charges under !AS 39, as it was deemed that its fair value could not be estimated reliably.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

In assessing these risks, the Authority relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Authority only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Authority would aggregate similar instruments into a po1tfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Authority considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results. Should any of these indicators imply a significant increase in the instrument's credit risk, the Authority recognises for this instrument or class of instruments the lifetime ECL.

**Classification and measurement of financial liabilities**

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to !AS 39, the Authority's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Authority's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Authority designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amo1tised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

**Derivative financial instruments and hedge accounting**

The Authority applies the new hedge accounting requirements in IFRS 9 prospectively. All hedging relationships that were hedging relationships under IAS 39 at the 31 December 2018 reporting date meet the IFRS 9's criteria for hedge accounting at I January 2019 and are therefore regarded as continuing hedging relationships. Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Authority did not have any hedging investments.
All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

**Financial assets at fair value through other comprehensive income (FVOCI)**
The Authority accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective is hold to collect the associated cash flows and sell; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. This category includes listed securities and debentures that were previously classified as 'available-for sale'.

**Impairment of financial assets**
IFRS 9's new impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss' (ECL) model. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Authority first identifying a credit loss event. Instead the Authority considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage I') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

‘Stage 3' would cover financial assets that have objective evidence of impairment at the repo,ting date. However, none of the Authority's financial assets fall into this category. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Guidance note:** Credit losses are defined as the difference between all the contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ('cash shortfalls'). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit-impaired financial assets).

**Trade and other receivables and contract assets**
The Authority makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected sho,tfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Authority uses its historical experience, external indicators and forward-looking information to calculate. the expected credit losses using a provision matrix.

**Financial assets at fair value through other comprehensive income**
The Authority recognises 12-month expected credit losses for financial assets at FVOCI. As most of these instruments have an outstanding credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Authority assesses whether there has been a significant increase in the credit risk of the instrument.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

**EMPLOYEE BENEFITS**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay fu11her amounts. The Authority pays fixed contributions into an independent entity in relation to the State Plan. The Authority has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that relevant employee services are received. The cost of gratuity and annual leave are recognized during the period in which the employee renders the related service. Accruals for employee entitlement to gratuity and annual leave represent the present obligation, which the Authority has to pay as a result of the employee services provided to the reporting date.

Employee's liabilities are recognized for the amount expected to be paid for the gratuity and annual leave as the Authority has a present legal constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**PROVISIONS**

A provision is recognised in the statements of financial pos1t1on when the Authority has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**NEW STANDARDS AND INTERPRETATIONS**

A number of new standards, amendments to standards and interpretations are mandatory for the year ended 31 December 2019, and have been adopted by the Authority where relevant to the Authority's operations.

**NEW RELEVANT STANDARDS NOT YET EFFECTIVE**

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Authority's financial statements are disclosed below. The Authority intends to adopt these standards, if applicable, when they become effective.

**IFRS 16 Leases**

IFRS 16 replaces existing leases guidance including IAS 17 leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after I January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from contracts with Customers at or before the date of initial application of TFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. There are optional exemptions for sho1t-tenn leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e, lessors continue to classify leases as finance or operating leases.

**HIGHER EDUCATION AUTHORITY**

# ACCOUNTING POLICIES

31 December 2018

## 1. STATUS AND ACTIVITIES

Higher Education Authority (HEA/the Authority) is an Authority established by an Act of Parliament, Higher Education Act, No. 4 of 2013. The functions of the Higher Education Authority (HEA) in summary are:

1) To register private Higher Education Institutions;
2) Accredit learning programmes offered in both the private and public Higher Education Institutions; and
3) Ensure quality assurance in the provision of higher education.

| | 2018 ZMW | 2017 ZMW |
|---|---|---|
| **2. INCOME** | | |
| **2.1 Analysis** | | |
| Accreditation | 3 687 014 | 1 021 269 |
| Registration fees | 429 000 | 431 500 |
| Application fees | 20 000 | 22 500 |
| Annual student levy | 117 454 | 119 208 |
| Workshops and seminars | - | 314 851 |
| Other income | 302 607 | 201 640 |
| | **4 556 075** | **2 110 968** |
| **3. GRANT RECEIVED** | | |
| Government of the Republic of Zambia (Ministry of Finance) | 17 070 060 | 5 484 075 |
| Government of the Republic of Zambia (MOHE) | 2 085 126 | - |
| | 19 155 186 | 5 484 075 |
| **4. NET FINANCING INCOME** | | |
| Interest received | 17 006 | |
| **5. BOARD AND COMMITTEES** | | |
| **5.1 Analysis** | | |
| Board and committees | 10 725 | 286 340 |
| Board and committees: Recruitment costs | 651 516 | 194 543 |
| | 662 241 | 480 883 |

**5.2 Recruitment costs fall under responsibilities of the Board of Directors.** In the absence of the Board was the Permanent Secretary and the Human Resource Committee.

| | 2018 ZMW | 2017 ZMW |
|---|---|---|
| **6. CONFERENCE AND LODGING** | | |
| Local conference and workshops | 47 114 | 278 539 |
| Local, Regional and International workshops | 193 304 | 264 045 |
| | 240 418 | 542 584 |
| **7. OFFICE EXPENSES** | | |
| Offices supplies | 42 000 | 31 994 |
| **8. PERSONAL EMOLUMENTS** | | |
| **8.1 Analysis** | | |
| Salaries | 4 862 502 | 1 587 173 |
| Responsibility allowances | 276 629 | 335 396 |
| Various allowances | 253 286 | 167 812 |
| Leave | 385 727 | 204 743 |
| Gratuity | 664 047 | 386 208 |
| NAPSA - Employee contribution | 84 369 | 25 738 |
| Overtime | 7 418 | 55 540 |
| | 6 533 978 | 2 762 610 |

**8. 2 The average number of employees during the year was 23 (2017:11).**

**HIGHER EDUCATION AUTHORITY**

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

## 9. EQUIPMENT

| | Furniture and fittings ZMW | Motor vehicles ZMW | Computers and peripherals ZMW | Office equipment and accessories ZMW | Total ZMW |
|---|---|---|---|---|---|
| **9.1 Cost/Evaluation** | | | | | |
| At 31 December 2017 | 417 745 | 1 571 239 | 287 162 | 43 334 | 2 319 480 |
| Additions | 103 364 | 3 229 677 | 194 742 | 189 766 | 3 717 549 |
| Disposals | - | (343 039) | - | - | (343 039) |
| At 31 December 2018 | 521 109 | 4 457 877 | 481 904 | 233 100 | 5 693 990 |
| **9.2 Depreciation** | | | | | |
| At 31 December 2017 | 93 441 | 467 071 | 90 617 | 12 108 | 663 237 |
| Charge for the year | 71 826 | 747 036 | 63 408 | 11 172 | 893 442 |
| Disposals | - | (343 039) | - | - | (34 244) |
| At 31 December 2018 | 165 267 | 1 179 863 | 154 025 | 23 280 | 1 522 435 |
| **9.3 Net book amount** | | | | | |
| At 31 December 2018 | 355 842 | 3 278 014 | 327 879 | 209 820 | 4 171 555 |
| At 31 December 2017 | 324 304 | 1 104 168 | 196 545 | 31 226 | 1 656 243 |

## 10. ACCOUNTS RECEIVABLES

| | 2016 ZMW | 2015 ZMW |
|---|---|---|
| **10.1 Grants receivable** | | |
| Ministry of Higher Education (Note II.2) | - | 395 473 |
| Staff receivables | 120 883 | - |
| Prepayments | 42 660 | - |
| | 163 543 | 404 543 |

**10.2** These funds were allocated to the Higher Education Authority in the initial stages of its establishment by the Government in 2014 but were borrowed by the Ministry of Higher Education. The funds were repaid in 2018

## 11. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash at bank | 8 665 113 | 1 525 423 |

**HIGHER EDUCATION AUTHORITY**

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

| | 2018 ZMW | 2017 ZMW |
|---|---|---|
| **12. ACCUMULATED FUNDS** | | |
| Opening balance | 2 567 870 | 1 744 670 |
| Surplus for the year | 9 272 208 | 823 200 |
| Closing balance | 11 840 078 | 2 567 870 |
| **13. ACCOUNTS PAYABLES** | | |
| Trade payables and accruals | 131 439 | 101 609 |
| Gratuity provision | 501 239 | 627 708 |
| Leave days provision | 200 461 | 236 441 |
| PAYE | 298 613 | 46 060 |
| NAPSA | 28 381 | 6 521 |
| | 1 160 133 | 1 018 339 |

**14. TAXATION**

No provision for taxation has been made as the Authority is exempt from tax in terms of the Income Tax Act (as amended) of the Laws of Zambia (Chapter 323) under the Second Schedule, Paragraph 5.

**15. RELATED PARTY TRANSACTIONS**

**15.1** HEA is an Agency of the GRZ which was created by an Act of Parliament and is controlled by GRZ through the Ministry of Higher Education (MoHE). There are other entities that are related to the Authority though common shareholdings or common directorship such as all line ministries and agencies.

**15.2 Analysis**

During the year, the following transactions occurred:

| | 2018 ZMW | 2017 ZMW |
|---|---|---|
| **Grants from GRZ** | | |
| Direct grants | 19 155 186 | 5 484 075 |
| **Directors remuneration** | | |
| Board fees and allowances | 10 725 | 286 340 |

**16. CAPITAL DISCLOSURE**

The Authority is financed mainly through Government Grants and fees received from services rendered. It neither has debt nor Subordinated Instruments. The Authority's objectives in managing capital are:

- To meet the objectives as set out in the Higher Education Act and the relevant Statutory Instruments; and
- To meet its obligations as and when they fall due.

**HIGHER EDUCATION AUTHORITY**

# NOTES TO THE FINANCIAL STATEMENTS
31 December 2018

## 17. FINANCIAL INSTRUMENTS

**Financial assets and financial liabilities**
**Fair values**
The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Authority based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed Authority. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2018, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other noncurrent financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

**Risk management**
Risk is inherent in the Authority's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Authority's continuing viable operations.

Exposure to currency, interest rate, credit, market, operational and liquidity risk arises in the normal course of the Authority's business.

### (I) Credit risk
Credit risk is the risk of financial loss to the Authority if a counter party to a financial instrument defaults on its contractual obligations. The Authority is subject to credit risk through its trading and investing activities. The Authority's primary exposure to credit risk arises through its investment securities, cash deposits, account receivables and cash equivalents. The Authority evaluates counter parties for credit worthiness where credit risk arises and there are no credit ratings readily available. The counter parties for investment securities and cash equivalents are Bank of Zambia (BOZ) and commercial banks licensed by Bank of Zambia.

The Authority does not hold any collateral to cover its credit risk associated with accounts receivables in respect of staff loans and advances except that the credit risk is mitigated by ensuring that staff loans and advances do not exceed the terminal benefits payable to employees.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2018 ZMW | 2017 ZMW |
|---|---|---|
| Accounts receivables | 163 543 | 404 543 |
| Cash and cash equivalents | 8 665 1 13 | 1 525 423 |
| | 8 828 656 | 1 929 966 |

**(ii) Interest rate risk**

This is the risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates.

The interest rates for both interest receivable and payable from/to local financial institutions are generally pegged against the Bank of Zambia bank rate. The Authority finances its operations through Government grants and from its own operations.

The Authority is exposed to interest rate risk to the extent of the balances of the bank accounts. The Authority manages its assets and liabilities within its sensitivity to the interest rate changes.

**(iii) Market risk**

The principal amounts ofall financial assets and financial liabilities are fixed and not subject to market related value adjustment.

**(iv) Liquidity and cash flow risk**

Liquidity risk arises in the general funding of the Authority's operations and in the management of positions. It includes both the risk of being unable to fund financial liabilities when they mature and the risk of being unable to liquidate financial assets at close to their fair value. The Authority manages liquidity risk by monitoring adequacy of reserves, monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. A maturity analyses of the Authority's instruments as at 3 1 December 2018 is as follows

| | On demand ZMW | Due within 3 months ZMW | Due between 3 - 12 months ZMW | Due more than 12 months ZMW | Total ZMW |
|---|---|---|---|---|---|
| **Financial assets as at 31 December 2018** | | | | | |
| Accounts receivables | - | - | 163 543 | - | 163 543 |
| Cash and cash equivalents | 8 665 113 | - | - | - | 8 665 113 |
| | 8 665 113 | - | 163 543 | - | 8 828 656 |
| **Financial liabilities as 31 December 2018** | | | | | |
| Account payables | - | 326 994 | 331 900 | 501 2391 | 160 133 |
| Liquidity gap | 8 665 113 | (326 994) | (168 357) | (501 239) | 7 668 523 |

**HIGHER EDUCATION AUTHORITY**

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

| | On demand ZMW | Due within 3 months ZMW | Due between 3 - 12 months ZMW | Due more than 12 months ZMW | Total ZMW |
|---|---|---|---|---|---|
| **Financial assets as at 31 December 2017** | | | | | |
| Accounts receivables | - | - | 9 070 | 395 473 | 404 543 |
| Cash and cash equivalents | 1 525 423 | - | - | - | 1 525 423 |
| | 1 525 423 | - | 9 070 | 395 473 | 1 929 966 |
| **Financial liabilities as 31 December 2017** | | | | | |
| Account payables | - | 52 581 | 338 050 | 627 708 | 1 018 339 |
| **Liquidity gap** | 1 525 423 | (52 581) | (328 980) | (232 235) | 911 627 |

**(v) Currency risk**

This is the risk that the Authority is exposed to unfavorable exchange rate movements on mismatched spot or forward positions in a foreign currency deal.

The Authority incurs foreign currency risk on capital contribution receivables and purchases that are denominated in a currency other than the Zambian Kwacha. The currency giving rise to this risk is principally the United States Dollar.

Currency risk is, however, managed by ensuring, as far as possible, that available foreign currency denominated liquid assets are reserved for payment of foreign currency denominated liabilities.

## 18. COMMITMENTS

There were no capital commitments as at 31 December 2018. (2017:Nil).

## 19. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2018.(2017:Nil)

## 20. COMPARATIVE FIGURES

Comparative figures are restated where necessary to afford a reasonable comparison.

## 21. EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Authority, the results of those operations or the state of affairs of the Authority in subsequent financial years.

**HIGHER EDUCATION AUTHORITY**

# NOTES TO THE FINANCIAL STATEMENTS
31 December 2018

| | Note | 2018 ZMW | 2017 ZMW |
|---|---|---|---|
| **Income** | | | |
| Accreditation fees | | 3 687 014 | 1 021 269 |
| Registration fees | | 429 000 | 431 500 |
| Application fees | | 20 000 | 22 500 |
| Annual student levy | | 117 454 | 119208 |
| Workshops and seminars | | - | 314 851 |
| Other income | | 302 607 | 201 640 |
| | 2 | 4 556 075 | 2 110 968 |
| **Grant received** | | | |
| Government of the Republic of Zambia | 3 | 19 155 186 | 5 484 075 |
| **Total income** | | 23 711 261 | 7 595 043 |
| **Expenditure** | | | |
| Annual reports | | 12 760 | |
| Audit fees | | 53 000 | 50 000 |
| Bank charges | | 6 296 | 1 059 |
| Board and committees | 5 | 662 241 | 480 883 |
| Budget preparations | | 48 750 | - |
| Building repairs and maintenance | | 359 684 | 3 150 |
| Cleaning | | 14311 | 2 154 |
| Conference and lodging | 6 | 240 418 | 542 584 |
| Continuous Development programme | | 53 100 | 10 497 |
| Depreciation charge | 9 | 893 442 | 408 906 |
| Dissemination of information | | 692 456 | 20 530 |
| Fuel and lubricants | | 7 445 | 30 000 |
| Higher Education Institution fees | | 1 295 069 | 413 114 |
| Insurance and road taxes | | 158 065 | 58 417 |
| Internet services | | 133 126 | 136 964 |
| Loss on disposal of equipment | | 60 | - |
| Management information systems | | 42 030 | |
| Motor vehicle repairs and maintenance | | 26 085 | 39 823 |
| National and international policies | | 244 832 | - |
| Office equipment | | 240 708 | 120 616 |
| Office expenses | 7 | 42 000 | 31 994 |
| Personal emoluments | 8 | 6 533 978 | 2 762 610 |
| Printing and stationery | | 156 645 | 102 845 |
| Procurement committee meeting | | 49 235 | 34 500 |
| Public functions and commemorations | | 461 140 | 257 235 |
| Rentals and rates | | 803 064 | 403 165 |
| Review of legal framework | | 476 208 | 26 250 |
| Software expenses | | 102 900 | - |
| Strategic planning | | 369 692 | 570 323 |
| Subscription to professional bodies | | 32 992 | 24 896 |
| Sundry expenses | | 122 003 | 79 228 |
| Telephone and postage | | 13 306 | 12 276 |
| UNESCO Authority expenses | | 65 838 | - |
| Website management | | 43 180 | 47 824 |
| | | 14 456 059 | 6 771 843 |
| **Operating surplus** | | 9 255 202 | 823 200 |
| Net financing income | 4 | 17 006 | |
| **Surplus for the year** | | 9 272 208 | 823 200 |

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