



"Ensuring Quality in Higher Education"

The background of the report cover is a black and white photograph of a graduation ceremony. It shows a dense crowd of graduates wearing mortarboard caps. A blue hexagonal grid is overlaid on the entire image, with the lines becoming more prominent in the lower half. In the bottom right corner, the text "2016 ANNUAL REPORT" is displayed in a large, bold, sans-serif font. "2016" is white, while "ANNUAL REPORT" is light blue.

# 2016 ANNUAL REPORT



## THE HIGHER EDUCATION AUTHORITY'S VISION

“ To be an efficient and effective higher education regulatory agency which will bring forth a quality higher education system which is well coordinated, accessible, equitable, responsive and relevant. ”





# HIGHER EDUCATION AUTHORITY



"Ensuring Quality in Higher Education"

Mukuba Pension House  
Dedan Kimathi Road  
P.O. Box 50795  
Lusaka, Zambia

(+260) 211 227 084 / (+260) 950 470 444

[info@hea.org.zm](mailto:info@hea.org.zm) / [www.hea.org.zm](http://www.hea.org.zm)

Join the conversation @HEAZambia on



#HEAZambia #HigherEducationZambia

**Edited, Compiled and Copyedited by**

Birbal Boniface Musoba  
Corporate Communications Officer  
[birbal.musoba@hea.org.zm](mailto:birbal.musoba@hea.org.zm)

**Layout and design by**

Birbal Boniface Musoba

Clifford Muoneka  
[cliffordmuoneka@yahoo.com](mailto:cliffordmuoneka@yahoo.com)

**Printing by**

Associated Printers

© 2016 Higher Education Authority.  
All rights reserved.

Unauthorised duplication contravenes applicable laws.



"Ensuring Quality in Higher Education"

## 2016 ANNUAL REPORT

Compiled in terms of the First Schedule, Part II, Section 10 of the  
Higher Education Act, No. 4 of 2013 of the

HIGHER EDUCATION AUTHORITY

Incorporated in terms of the Higher Education Act, No. 4 of 2013



# CONTENTS

A Message from the Board Chairman.....	6
A Message from the Director General.....	7
Meet the Man in Charge.....	8
Registration of HEIs.....	10
List of Registered HEIs in 2016.....	11
Accreditation of Learning Programmes.....	12
Policy Development.....	13
Outreach Programmes.....	14
Strategic Partnerships.....	15
Financial Report 2016.....	16
About HEA.....	46
The Board of the Authority.....	47

# A Message from The Board Chairman



**T**he liberalisation in the provision of higher education in Zambia has led to an exponential increase in the number of Higher Education Institutions (HEIs) in the country. Thus, the Higher Education Authority's (HEA) role of providing information to the public about higher education in Zambia is of paramount importance.

Therefore, this Annual Report for 2016 is intended to highlight the Authority's activities during 2016 in ensuring quality in higher education in Zambia.

Covering activities from January, 2016 to December, 2016, the work of HEA was mainly to continue operationalising the provisions in the Higher

Education Act. No. 4 of 2013.

During this review period, in January, 2016, HEA appointed its first Director General, Professor Stephen Simukanga, to be its Chief Executive Officer, responsible for the day-to-day administration of the Authority. By virtue of his appointment as Director General, Professor Simukanga is an ex-officio member of the Board.

Professor Simukanga brought with him an extensive record of accomplishments, which had made HEA's work in 2016 progress exceedingly expediently.

Furthermore, 2016 saw us take a great stride in our statutory mandate to register private

HEIs through the August 2016 appointment of Dr. Vitalicy Chifwepa as the Director – Registration and Accreditation. This addition, in part, saw us register 35 HEIs in total and reject the registration of 8 HEIs, which did not meet the minimum requirements.

Lastly, as we look towards 2017 to the commencement of accreditation of learning programmes and, following the registration of 35 HEIs in 2016, we look to expanding HEA's staff with the recruitment of Manager – Finance and Administration, Registration and Accreditation Officer, Quality Assurance Officer, and Information, Education and Communication Officer, to ensure an effective implementation of HEA activities in 2017.

**Dr. Silane Kalenga  
Mwenechanya**

Board of the Authority Chairperson  
Higher Education Authority

# A Message from The Director General



**M**y maiden year as the Higher Education Authority's (HEA) inaugural Director General proved to be the Authority's most important year to date. Despite the very challenging managerial obstacles of implementing the provisions of the Higher Education Act No. 4 of 2013, whilst at the same time developing various policies aimed at bolstering HEA's administrative governance structures and instruments for registration and accreditation, the Authority started building and reinforcing its corporate identity through the acquisition of office space, office equipment, vehicles, and a contact address.

In August 2016, the Authority recruited Dr. Vitalicy Chifwepa as Director responsible for registration and accreditation. Three (3) of the technical were seconded from the Ministries of Higher and General Education.

Moreover, 2016 saw an increased stakeholder engagement with Higher Education Institutions (HEIs) appreciating more the role of HEA in the higher education sector through capacity enhancement workshops for staff from HEIs. A workshop, entitled, "Effective University and College Teaching" and "Higher Education Administrators Training", marked the beginning of quarterly workshops that we shall be hosting, with the annual schedule of these

workshops distributed in advance to HEIs to enable their adequate planning for them.

Furthermore, 2016 marked great strides in our preparation for the accreditation of learning programmes from both private and public institutions, and the auditing of HEIs that were registered in 2016.

This report, therefore, will highlight our achievements, whilst measuring them against the objectives we set for ourselves for 2016. This, together with reflections on the challenges we faced, we hope will give a clearer picture of the triumph that 2016 was for us, a triumphant year that has laid major ground work to make 2017 an even outstanding year in quality assurance in higher education.

In conclusion, as 2016 marked my first year in office, I extend my sincere gratitude to the Chairperson and members of HEA's Board of the Authority for the guidance that they provided during my initial period of adjustment and throughout the year. It was invaluable.

**Professor Stephen Simukanga**

Director General  
Higher Education Authority



# Meet the Man in Charge!



## Professor Stephen

**Simukanga** graduated from the University of Zambia (UNZA) in 1982 with a degree in Metallurgy and Mineral Processing. He holds a PhD in Process

Metallurgy from the University of Strathclyde in Glasgow, UK, and is a Fellow of the Institute of Materials, Minerals and Mining and Chartered Engineer of the Engineering Council of the United

Kingdom. Moreover, he is also a Fellow of both the South African Institute of Mining and Metallurgy and the Engineering Institution of Zambia.

Having joined UNZA in 1985 as a Staff Development Fellow, Professor Simukanga served the University for 23 years as a Lecturer and Researcher in the School of Mines, where he rose to the position of Professor in Metallurgy and Mineral Processing. He was later appointed as the university's Vice-Chancellor in 2007 and served in that position for 8 years.

Furthermore, he served as Registrar of the Engineers' Registration Board of Zambia from 2000 for 10 years, and, from 2003 to 2015, as Coordinator of the Mineral Resources Unit of the United Nations University Institute for Natural Resources in Africa (UNU - INRA), located at the School of Mines of the University of Zambia.

### Name: Professor Stephen Simukanga

(B.Min.SC, M.Min.SC, PhD, CEng, FIMMM, FSAIMM, FEIZ, Reng, and Ceng)

Position: **Director General**

Previous Position: **Vice-Chancellor, University of Zambia**

Appointment Date: **January, 2016**



(left) In 2014, the Confucius Institute in Zambia awarded Prof. Simukanga, then UNZA Vice - Chancellor, with an "Individual Performance Excellence Award."



Prof. Simukanga officiates at a graduation ceremony.



Prof. Simukanga (2nd right) attends an African Development Bank meeting with academics from University of Tokyo, United Nations University, Kwame Nkrumah University of Science and Technology, and United Nations University Institute for the Advanced Study of Sustainability. (2013)

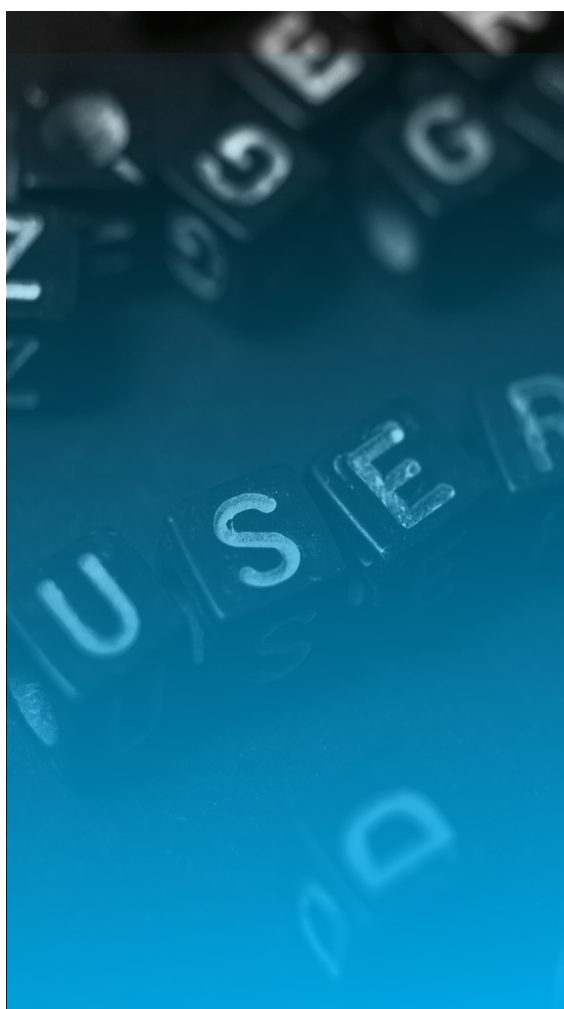
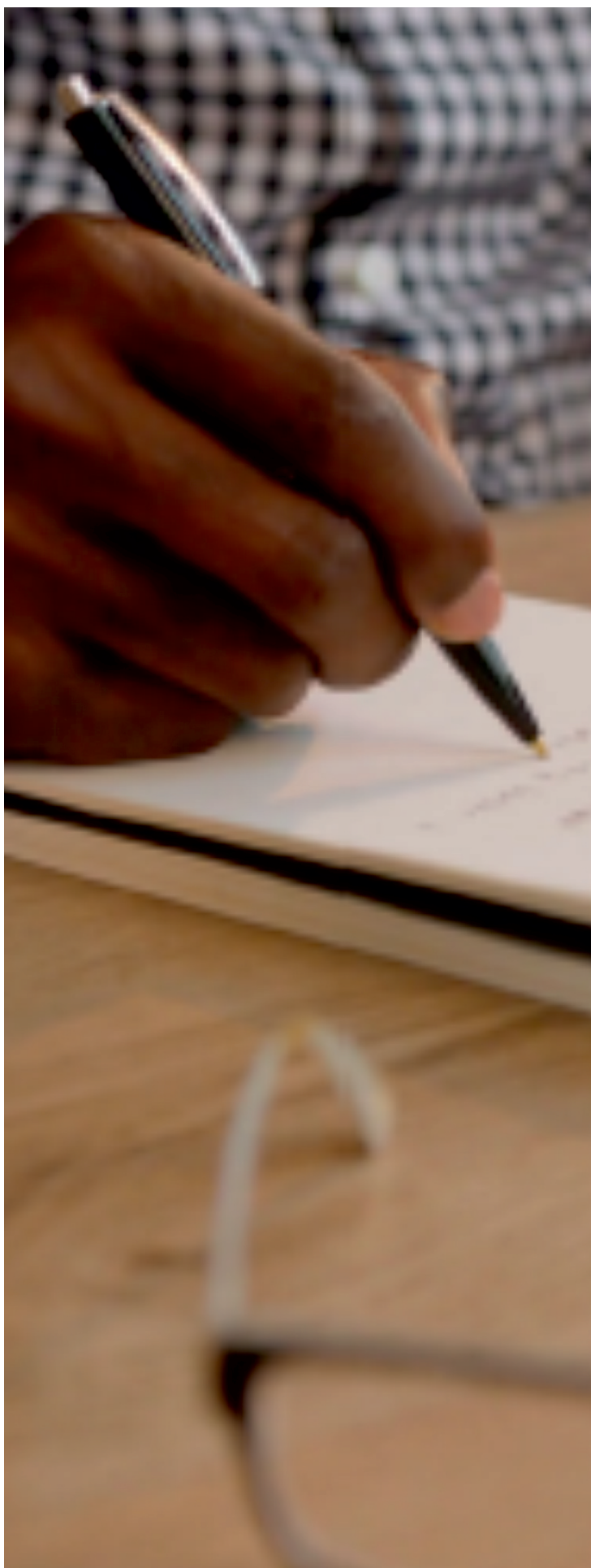


# Registration of Higher Education Institutions (HEIs)

In 2016, HEA continued to receive applications and missing information from various institutions for registration as HEIs. Site visits were done to those institutions that met the criteria during the desk reviews.

During this period, the Registration and Accreditation Committee received 43 applications from various institutions for registration as HEIs, and recommended 35 institutions to HEA's Board for approval. These institutions are listed in the **“List of Registered HEIs in 2016”** section of this report.

Furthermore, it was recommended that a last warning be given to HEIs that were still operating under the registration of the repealed University Act, 1999. These HEIs were given until the end of September 2016 to register with the HEA.





# List of Registered HEIs in 2016

	Institution	Delivery Mode
1.	Africa Research University	Full Time and ODL
2.	Alliance International University	ODL
3.	Barotseland University Africa Continental University (Old)	Full Time and ODL
4.	Cavendish University	Full Time and ODL
5.	Chreso University	Full Time and ODL
6.	City University of Science and Technology (Old)	Full Time and ODL
7.	Copperstone University	Full Time and ODL
8.	DMI St. Eugene University - Woodlands	Full Time
9.	DMI-St. Eugene, Chibombo Campus.	Full Time and ODL.
10.	DMI-St. Eugene, Chipata Campus.	Full Time and ODL.
11.	Eastern University	ODL
12.	Evangelical University.	Full Time
13.	Foundation for Cross Cultural University	Full Time and ODL
14.	Gideon Robert University	Full Time and ODL
15.	Harvest Institute of Missions University	Full Time
16.	LIUTEBM	Full Time and ODL
17.	Lusaka Apex Medical University	Full Time
18.	Management College for Southern Africa (MANCOSA) (Old)	ODL
19.	Northrise University	Full Time and ODL
20.	Oak University	Full Time and ODL
21.	Rockview University	Full Time and ODL
22.	Rusangu University	Full Time and ODL
23.	South Valley University (New)	ODL
24.	Southern University	Full Time and ODL
25.	St. Dominics Major Seminary	Full Time
26.	Sylva University.	Full Time and ODL.
27.	Texila American University	Full Time and ODL.
28.	Trans-Africa Theological University College (Old)	ODL
29.	Twin Palm Leadership University (New)	Full Time
30.	United Church of Zambia University (Old)	Full Time and ODL
31.	University of Africa.	ODL.
32.	University of East and Southern Africa (UNESA) (New)	Full Time and ODL
33.	University of Lusaka	Full Time and ODL
34.	Victoria Falls University	Full Time and ODL.
35.	Zambian Open University	ODL

# Accreditation of Learning Programmes

The year saw the approval by the Board of the Authority of 12 fields and subfields for purposes of accrediting Learning Programmes in HEIs. These are listed below:

1)	Agriculture and Nature Conservation
2)	Culture and Arts
3)	Business, Commerce and Management Studies
4)	Communication Studies and Language
5)	Education, Training and Development
6)	Mining, Manufacturing, Engineering and Technology
7)	Human and Social Studies
8)	Law, Military Science and Security
9)	Health Sciences and Veterinary Medicine
10)	Physical, Mathematical, Computer and Life Sciences
11)	Services
12)	Physical Planning and Construction

To facilitate the accreditation process, peers in the relevant fields were identified who would serve on the committees of experts during the accreditation process. The accreditation of these programmes will commence in 2017.

Moreover, a template for use by HEIs in submission of Learning Programmes for accreditation was developed at the close of 2016.



# Policy Development

2016 saw the developing various policies aimed at bolstering HEA’s administrative governance structures. These policies included:

A.	Financial Regulations Manual (including Chat Of Accounts)
B.	Audit Charter
C.	Corporate Governance Manual (including Board Charter)
D.	Disciplinary and Grievance Procedure Code
E.	Job Descriptions for the following positions:
i.	Director General
ii.	Director – Registration and Accreditation
iii.	Manager – Registration and Accreditation
iv.	Manager – Finance and Administration
v.	Quality Assurance Officer
vi.	Registration and Accreditation Officer
vii.	Driver
viii.	Office Assistant
F.	Board of Directors’ Code of Conduct
G.	Transport Policy
H.	Insurance on Gratuities and Health
I.	HEA Institutional font and Report Style
J.	Resource Mobilisation Strategy for 2017





# Outreach Programmes

**H**EA conducted a number of outreaches during the year. These outreaches were intended to bolster and explain to its stakeholders, the Authority's relevance, functions and mandate in higher education. This was cardinal in ensuring the understanding by the public, in general, of the role HEA will play as it establishes itself as the statutory body for which it was intended.

More specifically, the outreach programmes included:

## 1. Private Universities Association of Zambia

HEA made a presentation about the Authority and its functions at the Annual General Meeting of the Private Universities Association of Zambia (PUAZ) on 19<sup>th</sup> March, 2016, at Protea Hotel in Chisamba. This was a good opportunity to interact with drivers of the private HEIs.

## 2. Teaching Council of Zambia

HEA presented at the Board meeting of the Teaching Council of Zambia (TCZ) held at the Ministry of General Education on 30<sup>th</sup> March, 2016. As TCZ registers institutions offering programmes in education including HEIs, and accredits programmes in education, the presentation by HEA noted the duplication in the functions of HEA and TCZ with regards to registering institutions and programmes in education. It was resolved to have a follow

up meeting to discuss synergies going forward. Moreover, TCZ invited back HEA, together with the Zambia Qualifications Authority (ZAQA), to attend another Board meeting on 23<sup>rd</sup> June, 2016, in order to appreciate the council's operations. The fruitful success of this meeting had, thus, set on course follow up meetings in order to come up with a harmonised operating system of the three (3) institutions.

## 3. Higher Education Act Sensitisation Meetings

These sensitisation meetings on the provisions of the Higher Education Act No.4 of 2013, were very important as they presented guidelines on registration of HEIs and Accreditation of Learning Programmes faculties of HEIs. This laid a foundation for the better understanding of the work that lied ahead for HEA working with HEIs.

These meetings where at:

- a.** Kafue Gorge Training Centre for management of the University of Zambia on 25<sup>th</sup> April 2016.
- b.** Mulungushi University on 4<sup>th</sup> May, 2016.

## 4. Capacity Enhancement Workshops

HEA carried out a couple of capacity enhancement workshops, which marked the beginning of quarterly workshops it will be hosting, with the annual schedule of these workshops distributed

in advance to HEIs to enable their adequate planning for these events.

### a. "Higher Education Administrators Training" Workshop

HEA carried out a workshop from 5<sup>th</sup> to 6<sup>th</sup> September, 2016, at Southern Sun. The workshop involved presentations from Professor James Jacob of University of Pittsburgh on the different types of and reasons for Accreditation and the Accreditation Process; and, Dr. Innocent Musonda of the University of Johannesburg on the Expectations of the Programme Evaluator.

### b. "Effective Teaching for University and College lecturers" Workshop

HEA, in conjunction with Professor Emmanuel Chanda of the School of Civil, Environmental and Mining of University of Adelaide, Australia, conducted this workshop on 22<sup>nd</sup> December, 2016, at Southern Sun Hotel.

This workshop was designed to help university and college lecturers to become effective teachers in their fields of expertise through the exploration of student engagement strategies such as blended learning, flipped class room, eLearning; learning curriculum & objectives; effective lectures, tutorials, field work & assessment; and, student evaluation of learning, amongst other topics. The immense success of this workshop has prompted it to be scheduled, again, in July, 2017.

# Strategic Partnerships

**H**EA was engaged with preparation of a project proposal under the Strategic Partnerships for Higher Education Innovation and Reform (SPHEIR) programme in conjunction with ZAQA, UNZA, University of Manchester and the Technische Hochschule Ingolstadt (THI) of Germany.

The SPHEIR project was a new competitive grant scheme established by

the UK Department of International Development (DFID). The programme was designed to catalyse innovative “partnerships” in low-income countries (LICs) in order to improve the performance, governance and influence of higher education systems and institutions.

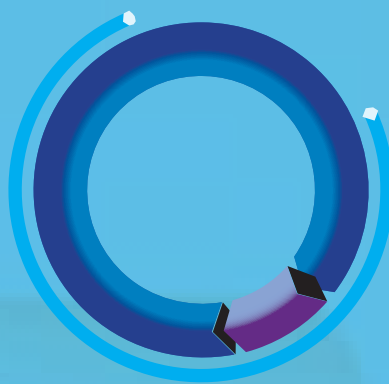
In addition, the SPHEIR partnerships sought to transform the quality, relevance, access

and affordability of higher education to achieve sustainable change in higher education systems.

HEA decided to participate in the partnership with a view to strengthen quality assurance activities. At the end of the period in review, the application process was still in progress.



# Financial Report 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 31 December 2016

# Contents

---

**1** GENERAL  
INFORMATION

**2** STATEMENT OF DIRECTORS'  
RESPONSIBILITIES

**4-6** DIRECTORS'  
REPORT

**7-8** AUDITORS'  
REPORT

**11** STATEMENT OF  
COMPREHENSIVE INCOME

**10** STATEMENT OF  
FINANCIAL POSITION

**9** STATEMENT OF  
CASH FLOWS

**12-19** ACCOUNTING  
POLICIES

**20-27** NOTES TO THE  
FINANCIAL  
STATEMENTS

**28** DETAILED STATEMENT  
OF COMPREHENSIVE  
INCOME

# HIGHER EDUCATION AUTHORITY

## GENERAL INFORMATION

31 December 2016

**Country of incorporation**

Zambia

**Nature of business and principal activities**

established

Higher Education Authority (HEA/the Authority) is a Statutory Institution

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  
Dedan Kimathi Road  
Lusaka

**Business address**

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

**Postal address**

P.O Box 50795  
Lusaka

**Bankers**

Investrust Bank Plc

**Auditors**

AMG Global Chartered Accountants (Zambia)  
No. 6, Lagos Road  
Rhodes Park P.O Box 37893  
Lusaka



# HIGHER EDUCATION AUTHORITY

## STATEMENT OF THE RESPONSIBILITIES OF THE DIRECTOR

31 December 2016

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.

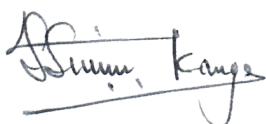
The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and places considerable importance on maintaining a strong control environment. To enable the Authority to meet these responsibilities, the Board sets standards for 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 2017 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 21 which have been prepared on the going concern basis, were approved by the Board on and were signed on its behalf by:



**DIRECTOR GENERAL**



**BOARD CHAIRPERSON**

# HIGHER EDUCATION AUTHORITY

## DIRECTORS' REPORT

31 December 2016

Directors have pleasure in submitting their financial report for the year ended 31 December 2016.

### 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:-

	2016 ZMW	2015 ZMW
Income	862 984	-
Grants received	4 131 512	826 620
Total comprehensive surplus/(deficit)	1 279 002	(320 349)

### 3. Equipment

During the year the Authority acquired property, plant and equipment worth **ZMW I 712 917** (2015:ZMW 42 550).

### 4. Employees

The average number of employees during the year was 4 (2015: Nil) and their total remuneration was **ZMW I 789 597** (2015: ZMW352 952).

The amount paid in 2015 was for responsibility allowances since the Authority had not engaged any employee yet.

### 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 (2015:Nil).

### 7. Directors

The Directors of the Authority were as follows:-

Dr. Silane Kalenga Mwenechenya  
Ms. Clare Limbwambwa  
Prof. Stephen Simukanga  
Mr. Rodgers Chibuye

Board Chairperson  
Vice Board Chairperson  
Secretary  
Member

# HIGHER EDUCATION AUTHORITY

## DIRECTORS' REPORT

31 December 2016

Dr. Mushaukwa Mukunyandela	Member
Mr. Angel Mutale Kaliminwa	Member
Ms. Cecelia Kamanga	Member
Mr. Frederick Imasiku	Member
Ms. Prisca Mwansa Chikwashi	Member
Mr. Owen Mgemzulu	Member
Ms. Grace Buumba Manyonga	Member

### 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.

### 9. Annual Financial Statements

The Annual Financial Statements are set out on pages 7 to 21.

### 10. Auditors

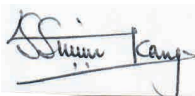
The Authority's auditors, AMG Global Chartered Accountants (Zambia), have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at an appropriate Board Meeting.

### 11. Registered Office

The registered office of the Authority is as follows:-

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

By order of the Board:



**DIRECTOR GENERAL**

Date: 8<sup>TH</sup> APRIL 2019

Office address:  
No. 6 Lagos Road  
Rhodes Park  
Lusaka  
ZAMBIA

Mail address:  
P.O Box 37893  
Lusaka  
ZAMBIA

Telephone (260)-211-251159  
Fax: (260)-211-255145  
Email: [fridaynyambe@amgglobal.co.zm](mailto:fridaynyambe@amgglobal.co.zm)

## 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 21, which comprise the statement of financial position as at 31 December 2016, 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 Higher Education Authority as at 31 December 2016 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 Higher Education Act, No. 4 of 2013.

### 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 Company 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.

### 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 (As amended), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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.



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

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 statements, 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 2016 have been, in all material respects, properly prepared in accordance with the provisions of the Higher Education Act, No. 4 of 2013 (As amended).

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

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

**DATE.....**

**HIGHER EDUCATION AUTHORITY****STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2016

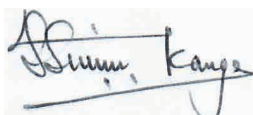
	Note	2016 ZMW	2015 ZMW
Income	2	862 984	-
Grants received	3	4 131 512	826 620
<b>Total income</b>		<b>4 994 496</b>	<b>826 620</b>
Expenditure		(3 715 494)	(1 146 969)
<b>Total comprehensive surplus/(deficit)</b>		<b>1 279 002</b>	<b>(320 349)</b>

## HIGHER EDUCATION AUTHORITY

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	2016 ZMW	2015 ZMW
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	10	1 501 135	37 738
<b>Current assets</b>			
Accounts receivables	11	395 473	395 473
Cash and cash equivalents	12	254 692	111 137
		650 165	506 610
<b>Total assets</b>		<b>2 151 300</b>	<b>544 348</b>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>			
<b>Accumulated funds</b>			
Opening balance		465 668	786 017
Surplus/(deficit) for the year		1 279 002	(320 349)
<b>Total accumulated funds</b>	13	<b>1 744 670</b>	<b>465 668</b>
<b>Current liabilities</b>			
Accounts payables	14	406 630	78 680
<b>Total liabilities</b>		<b>406 630</b>	<b>78 680</b>
<b>Total accumulated funds and liabilities</b>		<b>2 151 300</b>	<b>544 348</b>
The financial statements on pages 7 to 21 were approved by the Board on.....and were signed on their behalf by: -			



DIRECTOR GENERAL



BOARD CHAIRPERSON

## HIGHER EDUCATION AUTHORITY

## STATEMENT OF CASH FLOW

for the year ended 31 December 2016

	Note	2016 ZMW	2015 ZMW
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating cash flows</b>			
Operating surplus/(deficit)			
Adjustments for items not affecting cash flows:			
Depreciation on property, plant and equipment	10	1 279 002 249 520	(320 349) 4 812
Net operating cash flows before reinvestment in working capital		1 528 522	(315 537)
Decrease/(increase) in accounts receivables		-	256 234
Increase in accounts payables		327 950	72 837
<b>Net cash flows from investing activities</b>		<b>1 856 872</b>	<b>13 534</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Purchase of property, plant and equipment	10	(1 712 917 )	(42 550)
Increase/(decrease) in cash and cash equivalents		143 555	(29 016)
Cash and cash equivalents at the beginning of the year		111 137	40 153
Cash and cash equivalents at the end of the year	13	254 692	111 137



# HIGHER EDUCATION AUTHORITY

## ACCOUNTING POLICIES

31 December 2016

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

### BASIS OF PREPARATION

The financial statements of Higher Education Authority have been prepared in compliance with International Financial Reporting Standards (IFRSs) and the requirements of the Higher Education Act, No. 4 of 2013. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed below as part of the accounting policies.

### CURRENCY

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 with the conditions attaching to them and that the grants are recognised when received. Non-monetary donations are 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.

# HIGHER EDUCATION AUTHORITY

## ACCOUNTING POLICIES

31 December 2016

---

### 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.

# HIGHER EDUCATION AUTHORITY

## ACCOUNTING POLICIES

31 December 2016

### ***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:

<u>Asset Class</u>	<u>Rate</u>
Leasehold and buildings Plant and Machinery	2.5%
Motor vehicles	2.5%
Computers & peripherals	2.5%
Library books	2.5%
Furniture and fittings Office Equipment	2.5%

### **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.

### **FINANCIAL ASSETS**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial assets as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The recoverable amount is estimated at the present value of expected future cash flows discounted at the financial instruments original interest rate.

The Authority's principal financial assets are bank balances and cash and accounts receivables. These are measured at a mortised cost using the effective interest method less any impairment.

The Authority derecognizes a financial asset when the contractual right to the cash flows from the asset expires or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party. The Authority maintains its bank accounts with licensed banks in Zambia.



# HIGHER EDUCATION AUTHORITY

## ACCOUNTING POLICIES

31 December 2016

### Cash and Cash Equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, deposits in banks and short-term investments, net of outstanding bank overdrafts.

### FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities through profit or loss or other financial liabilities. Financial liabilities are classified according to the substances of the contractual arrangements entered into. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Authority's other financial liabilities are trade and other payables. Trade and other payables are measured at amortised cost using the effective interest rate. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

### *Provisions*

A provision is recognised in the statements of financial position 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.

### 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 further 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.

# HIGHER EDUCATION AUTHORITY

## ACCOUNTING POLICIES

31 December 2016

---

### 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.

### CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including estimates of future events that are believed to be reasonable under the circumstances.

# HIGHER EDUCATION AUTHORITY

## ACCOUNTING POLICIES

31 December 2016

### Critical accounting estimates and assumptions

#### **Receivables**

Critical estimates are made by the Authority in determining the recoverable amount of impaired receivables.

#### **Property, plant and equipment**

Critical estimates are made by the Authority in determining depreciation rates for equipment. The rates used are set out above under the equipment accounting policy.

### Critical judgements in applying the entity's accounting policies

In the process of applying the Authority's accounting policies, management has made judgements in determining:

- the classification of financial assets and liabilities; and
- whether assets are impaired.

### NEW RELEVANT STANDARDS ISSUED 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 9 Financial instruments, effective for annual periods beginning on or after 1 January 2018**

IFRS 9 was issued in November 2009 and introduced new requirements for the classification and measurement of financial assets. The standard was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2015 to include the new requirements for general hedge requirements. The final revised version of IFRS 9 was issued in July 2016 and includes; (i) impairment requirements for financial assets and (ii) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

#### **Key requirements of IFRS 9**

The recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurements are required to be subsequently measured at amortised cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are sole payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured through FVTOCI. All other debt instruments and equity investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investments (i.e. not held for trading) in other comprehensive income, with only the dividend income recognised in profit or loss.

# HIGHER EDUCATION AUTHORITY

## ACCOUNTING POLICIES

31 December 2016

- Regarding the measurement of financial liabilities designated as at fair value through profit and loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, especially broadening the types of instruments that qualify for hedge instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition the effectiveness test has been overhauled and replaced with the principle of an economic relationship. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced. It is anticipated that the application of IFRS 9 may have an impact on the amounts reported in respect of the financial assets and financial liabilities.

### 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 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretation when it becomes effective.

The core principle of the standard 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. The standard introduces a 5 step approach to revenue recognition.

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

IFRS 15 requires that an entity recognises revenue when (or as) a performance obligation is satisfied which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Authority is yet to perform an assessment on the impact of IFRS 15 on the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

## HIGHER EDUCATION AUTHORITY

### ACCOUNTING POLICIES

31 December 2016 (cont.)

---

#### 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 1 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 IFRS 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 short-term 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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 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.

### 2. INCOME

	2016 ZMW	2015 ZMW
<b>2.1 Analysis</b>		
Accreditation and registration fees	487 281	-
Other income	375 703	-
	<u>862 984</u>	<u>-</u>
<b>3. GRANT RECEIVED</b>		
Government of the Republic of Zambia (GRZ)	4 131 512	826 620
	<u>4 131 512</u>	<u>826 620</u>
<b>4. BOARD AND COMMITTEES</b>		
<b>4.1 Analysis</b>		
Board and committees	336 925	289 257
Board and committees: Recruitment costs	38 600	-
	<u>375 525</u>	<u>289 257</u>
<b>4.2</b> Recruitment costs fall under responsibilities of the Board of Directors.		
<b>5. MOTOR VEHICLE REPAIRS AND MAINTENANCE</b>		
Motor vehicle parts	1 920	-
Motor vehicle service	66 544	71 312
	<u>68 464</u>	<u>71 312</u>

# HIGHER EDUCATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### 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.

### 2. INCOME

#### 2.1 Analysis

Accreditation and registration fees  
Other income

2016  
ZMW

2015  
ZMW

487 281  
375 703

-  
-

862 984

-

### 3. GRANT RECEIVED

Government of the Republic of Zambia (GRZ)

4 131 512

826 620

### 4. BOARD AND COMMITTEES

#### 4.1 Analysis

Board and committees  
Board and committees: Recruitment costs

336 925  
38 600

289 257  
-

375 525

289 257

4.2 Recruitment costs fall under responsibilities of the Board of Directors.

### 5. MOTOR VEHICLE REPAIRS AND MAINTENANCE

Motor vehicle parts  
Motor vehicle service

1 920  
66 544

-  
71 312

68 464

71 312

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

	2016 ZMW	2015 ZMW
<b>6. OFFICE EXPENSES</b>		
Office entertainment	50 424	44 000
Office supplies	106 861	44 460
	157 285	88 460
<b>7. PERSONAL EMOLUMENTS</b>		
<b>7.1 Analysis</b>		
Salaries	717 164	-
Responsibility allowances	461 608	284 224
PAYE	255 054	68 728
Leave	113 521	-
Gratuity	241 500	-
NAPSA - Employee contribution	750	-
<b>7.2 The average number of employees during the year was 5 (2015:Nil).</b>		
<b>8. SHOWS AND EXHIBITS</b>		
International Trade Fair	1 400	-
Lusaka Agriculture Show	57 690	-
<b>9. TRAVEL EXPENSES</b>		
Outside Zambia	6 150	16 795
Within Zambia	151 053	52 420
	157 703	69 215

## HIGHER EDUCATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 10. EQUIPMENT

	Furniture and fittings ZMW	Motor vehicles ZMW	Computers and peripherals ZMW	Office equipment and accessories ZMW	Total ZMW
<b>10.1 Cost/Evaluation</b>					
At 31 December 2015	8 400	-	23 800	10 350	42 550
Additions	248 731	1 228 200	208 320	27 666	1 712 917
At 31 December 2016	257 131	1 228 200	232 120	38 016	1 755 467
<b>10.2 Depreciation</b>					
At 31 December 2015	1 200	-	2 404	1 208	4 812
Charge for the year	27 964	184 775	32 468	4313	249 520
At 31 December 2016	29 164	184 775	34 872	5 521	254 332
<b>10.3 Net book amount</b>					
At 31 December 2016	227 967	1 043 425	197 248	32 495	501 135
At 31 December 2015	7 200	-	21 396	9 142	37 738

## 11. ACCOUNTS RECEIVABLES

## 11.1 Grants receivable

Ministry of Higher Education (Note II.2)

	2016 ZMW	2015 ZMW
	395 473	395 473

11.2 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.

## 11.3 Analysis

Opening balance

Amount advanced during the year

Repaid during the year

	395 473	-
	-	651 708
	-	(256 235)
	395 473	395 473

## 12. CASH AND CASH EQUIVALENTS

Cash at bank

	254 692	111 137
--	---------	---------

## HIGHER EDUCATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

	2016 ZMW	2015 ZMW
<b>13. ACCUMULATED FUNDS</b>		
Opening balance	465 668	786 017
Surplus/(deficit) for the year	1 279 002	(320 349)
Closing balance	1 744 670	465 668
<b>14. ACCOUNTS PAYABLES</b>		
Trade payables and accruals	51 609	4 109
Gratuity provision	241 500	-
Leave days provision	13 521	-
PAYE	-	74 571
	406 630	78 680

**16. 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.

**17. RELATED PARTY TRANSACTIONS**

**17.1** 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 through common shareholdings or common directorship such as all line ministries and agencies.

**17.2 Analysis**

During the year, the following transactions occurred:

	2016 ZMW	2015 ZMW
<b>Grants from GRZ</b>		
Direct grants	4 131 512	826 620
<b>Directors remuneration</b>		
Board fees and allowances	336 925	289 257

**18. 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 2016

## 19. 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 project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2016, 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 non-current 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:

	2016 ZMW	2015 ZMW
Accounts receivables	395 473	395 473
Cash and cash equivalents	254 692	111 137
	650 165	506 610

# HIGHER EDUCATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

	On demand ZMW	Due within 3 months ZMW	Due between 3 - 12 months ZMW	Due more than 12 months ZMW	Total
--	---------------------	-------------------------------	-------------------------------------	-----------------------------------	-------

### Financial assets as at 31 December 2015

Accounts receivables	-	-	395 473	-	395 473
Cash and cash equivalents	111 137	-	-	-	111 137
	111 137	-	395 473	-	506 610

### Financial liabilities as 31 December 2015

Account payables	-	-	78 680	-	78 680
<b>Liquidity gap</b>	111 137	-	427 930	-	427 930

### (v) Currency risk

This is the risk that the Authority is exposed to unfavourable 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.

## 20. COMMITMENTS

There were no capital commitments as at 31 December 2016. (2015:Nil).

## 21. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December

## 22. COMPARATIVE FIGURES

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

## 23. 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

## DETAILED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

		2016 ZMW	2015 ZMW
<b>Income</b>	<b>Note</b>		
Accreditation and registration fees	2	487 281	-
Other	2	375 703	-
		862 984	-
<b>Grant received</b>			
Government	3	4 131 512	826 620
<b>Total income</b>			
		4 994 496	826 620
<b>Expenditure</b>			
Advertising and press		130 877	69 457
Audit fees		47 500	-
Board and committees	4	375 525	289 257
Building repairs and maintenance		119 226	-
Conference and lodging		91 327	29 175
Depreciation charge	10	249 520	4 812
Fuel and lubricants		20 000	20 000
Insurance		48 692	15 204
Internet services		77 900	13 760
Motor vehicle repairs and maintenance	5	68 464	71 312
Office expenses	6	157 285	88 460
Office equipment		4 400	-
Other events		7 550	104 347
Personal emoluments	7	1 789 597	352 952
Printing and stationery		31 020	13 018
Rentals and rates		259 600	-
Shows and exhibits	8	59 090	-
Subscription to professional bodies		5 737	-
Telephone and postage		7 481	6 000
Travel expenses	9	157 203	69 215
Website management		7 500	-
		3 715 494	1 146 969
<b>Surplus/(deficit) for the year</b>		1 279 002	(320 349)

# HIGHER EDUCATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

### (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 of all 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 31 December 2016 is as follows:

	On demand ZMW	3 months ZMW	3 - 12 months ZMW	12 months ZMW	Total
--	---------------------	-----------------	----------------------	------------------	-------

#### Financial assets as at 31 December 2016

Accounts receivables	-	-	395 473	-	395 473
Cash and cash equivalents	254 692	-	-	-	254 692
	254 692	-	395 473	-	650 165

#### Financial liabilities as 31 December 2016

Account payables	-	-	406 630	-	406 630
Liquidity gap	254 692	-	(11 157)	-	243 535

# About HEA

The Higher Education Authority (HEA) is a grant aided institution established under the Higher Education Act No. 4 of 2013, to ensure quality of delivery of services by Higher Education Institutions (HEIs). HEA began its operations in 2015.

## Mandate

“To coordinate, regulate, supervise and monitor standards of higher education in Zambia.”

## Functions of the HEA

The functions of the HEA as outlined in the Higher Education Act No. 4 of 2013 Part II (6), include:

1. Advise the Minister on any aspect of higher education;
2. Develop and recommend policy on higher education, including the establishment of public higher education institutions and the registration of private higher education institutions;
3. Establish a coordinated higher education system which promotes corporate governance and provides for a programme based higher education;
4. Regulate higher education institutions and coordinate the development of higher education;
5. Promote quality assurance in higher education;
6. Audit the quality assurance mechanisms of higher education;
7. Restructure and transform higher education institutions and programmes to be responsive to the human resource, economic and development needs of the Republic;
8. Promote the access of students to higher education institutions;
9. Design and recommend an institutional quality assurance system for higher education institutions, and recommend to the Minister institutional quality assurance standards for —
  - (i) the establishment, standardisation and registration of higher education institutions, including standards of plant and equipment;
  - (ii) the preparation and amendment of statutes;
  - (iii) the development of curricula;
  - (iv) libraries, laboratories, workshops and other facilities; and
  - (v) student transfers between academic programmes
10. Among higher education institutions;
11. Advise the Minister on the funding arrangements for public higher education institutions;
12. Advise the Minister on staff development for higher education;
13. Promote equity in access to higher education through the provision of student assistance programmes;
14. Promote international cooperation and facilitate exchange through the provision of student assistance research and teaching; and
15. Do all such things as are necessary or conducive for the achievement of the purposes of this Act.





# The Board of Authority



1. Mr. Angel Mutale Kaliminwa
2. Ms. Prisca Mwansa Chikwashi
3. Mr. Fredrick Imasiku
4. Dr. Silane Kalenga Mwenechanya  
(Board Chairperson)

5. Mr. Owen Mgemezulu  
(Permanent Secretary,  
Ministry of Higher Education)
6. Ms. Claire Limbwambwa  
(Board Vice Chairperson)
7. Professor Stephen Simukanga  
(Director General)

8. Mr. Rodgers Chibuye
9. Dr. Vitalicy Chifwepa  
(Director – Registration  
and Accreditation).



"Ensuring Quality in Higher Education"

# Members of The Board of The Authority

## Board Chairperson:

[Dr. Silane Kalenga Mwenechanya](#)  
Higher Education Minister's Nominee

## Vice Chairperson:

- [Ms. Claire Limbwambwa](#)  
Zambia Institute of Human Resource Management (ZIHRM)
- [Mr. Owen Mgemezulu](#)  
(Permanent Secretary, Ministry of Higher Education)
- [Dr. Mushaukwa Mukunyandela](#)  
Higher Education Minister's Nominee
- [Mr. Angel Mutale Kaliminwa](#)  
Examinations Council of Zambia (ECZ)
- [Mr. Chanda Kaziya](#)

Ministry of Labour and Social Security (MLSS)

- [Mr. Fredrick Imasiku](#)  
Attorney General's Office, Ministry of Justice
- [Ms. Grace Buumba Manyanga](#)  
Civil Society Organisation in the Education Sector
- [Ms. Prisca Mwansa Chikwashi](#)  
Zambia Association of Chambers of Commerce and Industry (ZACCI)
- [Mr. Rodgers Chibuye](#)



THE HIGHER  
EDUCATION  
AUTHORITY'S  
MISSION

***“To develop and regulate a quality higher education system which produces individuals who are well equipped to contribute to national development”***

The Higher Education Authority's **Mission**



“Ensuring Quality in Higher Education”

Mukuba Pension House  
Dedan Kimathi Road  
P.O. Box 50795  
Lusaka, Zambia

(+260) 211 227 084 / (+260) 950 470 444

[info@hea.org.zm](mailto:info@hea.org.zm) / [www.hea.org.zm](http://www.hea.org.zm)

Join the conversation **@HEAZambia** on



**#HEAZambia #HigherEducationZambia**







“Ensuring Quality in Higher Education”

