

STUDENTS LOAN TRUST FUND

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR
ENDED 31ST DECEMBER 2020**

***ASAFU-ADJAYE & PARTNERS
(CHARTERED ACCOUNTANTS)***

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STUDENTS LOAN TRUST FUND
ACCOUNTS FOR THE YEAR ENDED
31ST DECEMBER 2020

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CORPORATE INFORMATION

BOARD OF TRUSTEES:

Jacob Kwabena Adjei (Chairman)
Nana Kwaku Agyei Yeboah (CEO)
Hon. Yaw Owusu-Boateng
Angela Kyeremanteng-Jimoh
Sophia Kokor
John Kojo Boateng
Yvonne Asare-Yeboah
Elvis Osei Amponsah
Evelyn Daawee-Keelson
Joseph B. Denteh
Richard Darko
Wilhemina Asamoah
Hilda Agyepong Asante

SECRETARY:

Nana Kwaku Agyei Yeboah (CEO)

REGISTERED OFFICE:

Number 47, 3rd Crescent Street
Asylum Down
P. O. Box PMB CT 223
Cantonments-Accra

AUDITORS:

Asafu-Adjaye & Partners
(Chartered Accountants)
88 Nkrumah Avenue
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BANKERS:

Ecobank Ghana Limited
GCB Bank Limited
National Investment Bank
Bank of Ghana
GT Bank

STUDENTS LOAN TRUST FUND

Financial Statements for the year ended 31 December 2020

REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees presents herewith the audited financial statements of the Trust for the year ended 31st December 2020.

Objectives of the Fund

The objective of the Fund is to provide financial resources and the sound management of the Fund for the benefit of students of accredited tertiary institutions pursuing accredited tertiary programmes and to promote and facilitate the national ideals enshrined in articles 25 and 38 of the 1992 Constitution.

Statement of Board of Trustees' Responsibilities

The Trustees Incorporated Act, 1962 (Act 106) and the Students Loan Trust Fund Act, 2011 (Act 820) setting up the Trust Fund require the Board of Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Trust Fund for the year.

In preparing these financial statements, the Board of Trustees have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent.

The Board of Trustees are responsible for ensuring that the Trust Fund keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust Fund. They are also responsible for safeguarding the assets of the Trust Fund and take reasonable steps for the prevention and detection of fraud and other irregularities.

Financial Results

A summary of key financial results for the year is as follows:

	<u>2020</u> <u>GH¢</u>	<u>2019</u> <u>GH¢</u>
Income	14,890,688	14,929,940
Expenditure	(13,553,351)	(12,406,889)
	<u>1,337,737</u>	<u>2,523,051</u>
To which is added accumulated fund b/f of	22,806,693	20,283,642
Leaving a balance on accumulated fund c/f of	<u>24,144,430</u> <u>=====</u>	<u>22,806,693</u> <u>=====</u>

Trustees' Interest

During the year ended 31st December 2020, no significant or material contract was entered into in which trustees had an interest which significantly or materially affected the business of the Trust Fund.

Capacity Building of Trustees

The trustees participated in corporate governance programs during the year and they continue to keep themselves apprised of any local regulatory developments to ensure compliance with their duties as trustees.

STUDENTS LOAN TRUST FUND

Financial Statements for the year ended 31 December 2020

REPORT OF THE BOARD OF TRUSTEES (continued)

Corporate Social Responsibility

During the year, the Trust Fund did not spend on corporate social responsibility (2019: NIL).

Auditors

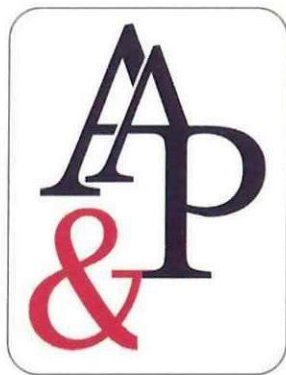
In accordance with Article 187 of the 1992 Constitution of the Republic of Ghana, the Auditor-General appointed Messrs. Asafu-Adjaye & Partners as auditors of Students Loan Trust Fund. Audit fees for the year ended 31st December 2020 was GH¢37,823 (2019: GH¢32,579).

Approval of financial statements

The financial statement of the Trust Fund were approved by the Board of Trustees on and signed on their behalf by:


.....
CHAIRMAN


.....
CHIEF EXECUTIVE OFFICER



ASAFU-ADJAYE & PARTNERS

(Chartered Accountants)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

STUDENTS LOAN TRUST FUND

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Students Loan Trust Fund as at 31st December 2020 and of its financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Trustees Incorporation Act, 1962 (Act 106) and the Students Loan Trust Fund Act, 2011 (Act 820).

We have audited the financial statements of Students Loan Trust Fund, set out on pages 7 to 23 which comprise the statement of comprehensive income, the statement of financial position as at 31st December 2020, the statement of changes in accumulated fund and statement of cash flows for the for the year then ended, and the notes to the financial statements, which includes a summary of significant accounting policies and other explanatory notes.

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

We are independent of the Trust Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independent Standards) (the Code) issued by the International Ethics Standards Board for Accountants (IESBA). We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were 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. Gross loans and interest receivable as at 31st December 2020, amounted to GH¢565,215,890 against which impairment provision of GH¢3,987,786 has been recorded on the matured component of GH¢75,469,618. We focused on allowance for impairment of loans and advances because the determination of appropriate level of provisioning for impairment requires significant judgement. The basis of the provisions and critical judgements relating to the calculation of the impairment provisions are summarized in note 2.8 in the notes to the financial statements. The judgement reflects information considered by management; however, management did not consider age of the outstanding debts and the respective students' payment history. The gross loans and related impairment provisions are disclosed in notes 9 & 10 of the financial statements.

How our audit addressed the key audit matter

We updated our understanding and tested the operating effectiveness of management's controls over the loans disbursement process. We obtained aging analysis of loans and advances. We assessed the reasonableness of management's judgement by testing the adequacy of information used in arriving at the impairment provision.

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 judgement 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 internal control.
- ☞ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

STUDENTS LOAN TRUST FUND

Financial Statements for the year ended 31 December 2020

- ☐ Conclude on the appropriateness of the directors' 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 company'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 Company to cease to continue as a going concern; and
- ☐ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Trustees Incorporated Act, 1962 (Act 106) and the Students Loan Trust Act, 2011 (Act 820), we hereby confirm that:

- a) Proper books of account have been kept, and the statement of financial position and income statement are in agreement with the books of account.
- b) We were able to obtain all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- c) The institution's transactions were within its powers and the institution generally complied with the relevant provisions of the above Acts.

The engagement partner on the audit resulting in this independent auditor's report is **Edmund Asafu-Adjaye (ICAG/P/1519)**

ASAFU-ADJAYE & PARTNERS
CHARTERED ACCOUNTANT
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ACCRA - NORTH

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27TH SEPT., 2021

STUDENTS LOAN TRUST FUND

Financial Statements for the year ended 31 December 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	<u>NOTES</u>	<u>2020</u> <u>GH¢</u>	<u>2019</u> <u>GH¢</u>
Gross Revenue	4	14,890,688	14,929,940
		-----	-----
Less Expenditure:			
Employment Cost	5	6,696,507	5,734,979
Travelling & Transport	6	986,090	1,199,154
Financial & Professional Charges	7	82,575	70,427
Administrative & Other Expenses	8	4,610,528	3,925,947
Charge/(reversal) for Bad & Doubtful Debt		1,177,252	1,476,382
		-----	-----
Total Expenditure		(13,552,951)	(12,406,889)
		-----	-----
Surplus for the year		1,337,737	2,523,051
		=====	=====

The notes on pages 11 to 23 form an integral part of these financial statements.

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020***STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020**

<u>ASSETS</u>	<u>NOTES</u>	<u>2020</u>	<u>2019</u>
<u>NON-CURRENT ASSETS</u>		<u>GH¢</u>	<u>GH¢</u>
PROPERTY, PLANT AND EQUIPMENT	9	1,840,310	1,392,913
STUDENTS LOAN – UNMATURED	10	361,177,033	342,201,754
		=====	=====
		363,017,343	343,594,667
		=====	=====
<u>CURRENT ASSETS</u>			
Students Loan – Matured	11	142,887,565	92,552,732
Investments	12	9,701,865	30,613,633
Inventory	13	141,129	37,845
Account Receivables & Prepayments	14	1,005,137	1,528,047
Cash and Bank Balances	15	8,664,702	9,980,548
		=====	=====
		162,400,398	134,712,805
		=====	=====
TOTAL ASSETS		525,417,741	478,307,472
		=====	=====
<u>ACCUMULATED FUND AND LIABILITIES</u>			
<u>ACCUMULATED FUND</u>			
Capital Fund	16	252,318,683	231,128,959
Retained Earnings		24,144,430	22,806,693
		=====	=====
Total Equity		276,463,113	253,935,652
		=====	=====
<u>NON-CURRENT LIABILITIES</u>			
Deferred Income	17	244,033,821	191,734,053
Loan Protection Scheme	18	2,667,754	2,472,425
		=====	=====
		246,701,575	194,206,478
		=====	=====
<u>CURRENT LIABILITIES</u>			
Account Payables and Accruals	19	2,253,053	30,165,342
		=====	=====
TOTAL ACCUMULATED FUND AND LIABILITIES		525,417,741	478,307,472
		=====	=====

These financial statements were approved at a meeting of the Board held on the date stated below.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

24/09/2021, ACCRA.

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020***STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED 31ST DECEMBER 2020**

<u>2020</u>	<u>Capital Fund</u> <u>GH¢</u>	<u>Retained</u> <u>Earning</u> <u>GH¢</u>	<u>Total</u> <u>GH¢</u>
Balance 1 st January	231,128,959	22,806,693	253,935,652
Additions during the year	21,189,724	-	21,189,724
Surplus for the year	-	1,337,737	1,337,737
Balance at 31 st December	<u>252,318,683</u> =====	<u>24,144,430</u> =====	<u>276,463,113</u> =====

<u>2019</u>	<u>Capital Fund</u> <u>GH¢</u>	<u>Retained</u> <u>Earning</u> <u>GH¢</u>	<u>Total</u> <u>GH¢</u>
Balance 1 st January	206,133,496	20,283,642	226,417,138
Additions during the year	24,995,463	-	24,995,463
Surplus for the year	-	2,523,051	2,523,051
Balance at 31 st December	<u>231,128,959</u> =====	<u>22,806,693</u> =====	<u>253,935,652</u> =====

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020*

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2020

<u>OPERATING ACTIVITIES</u>	<u>2020</u> <u>GH¢</u>	<u>2019</u> <u>GH¢</u>
Surplus for the year	1,337,737	2,523,051
Add back: Depreciation	712,837	637,053
Loss on Disposal of Assets	(800)	(71,978)
Changes in Unmatured Loan	(18,975,279)	(54,342,607)
Changes in matured loan	(50,334,833)	(16,202,672)
Interest Received	(567,308)	(705,349)
Changes in Inventory	(103,284)	58,361
Changes in Account Receivable & Prepayments	522,909	(601,283)
Changes in Account Payable & Accruals	(27,912,289)	27,405,669
Net Cash Outflow from Operating Activities	(95,320,310)	(41,299,755)
	=====	=====
<u>INVESTING ACTIVITIES</u>		
Interest on Investment	567,308	705,349
Acquisition of Property, Plant and Equipment	(1,160,234)	(1,313,938)
Proceeds from Disposal of Property, Plant & Equipment	800	(71,978)
(Increase)/Decrease in Investment	20,911,768	(26,081,763)
Net Cash Inflow/(Outflow) from Investing Activities	20,319,642	(26,618,374)
	=====	=====
<u>FINANCING ACTIVITIES</u>		
Capital Fund	21,189,724	24,995,463
Deferred Income	52,299,768	43,409,964
Loan Protection Scheme Fund	195,329	(45,194)
Net Cash Inflow from Financing Activities	73,684,821	68,360,233
	=====	=====
Net Cash (Outflow)/Inflow for the year	(1,315,846)	442,104
	=====	=====

ANALYSIS OF CASH AND CASH EQUIVALENT

Cash and Bank Balances as at 1 st January	9,980,548	9,538,444
Net Cash (Outflow)/Inflow for the year	(1,315,846)	442,104
	=====	=====
Cash and Bank Balances as at 31 st December	8,664,702	9,980,548
	=====	=====

STUDENTS LOAN TRUST FUND

Financial Statements for the year ended 31 December 2020

Notes (continued)

9) Property, Plant and Equipment

<u>Cost</u>	<u>Balance at 1st Jan 2020 GH¢</u>	<u>Addition GH¢</u>	<u>Disposal/ Deletions GH¢</u>	<u>Balance at Dec 2020 GH¢</u>
Motor Vehicle	1,845,742	-	-	1,845,742
Furniture & Fixtures	441,320	64,814	-	506,134
Office Equipment	368,635	65,280	(2,000)	431,915
Computers	1,601,323	1,031,340	-	2,632,663
	-----	-----	-----	-----
	4,257,020	1,161,434	(2,000)	5,416,454
	=====	=====	=====	=====
<u>Depreciation</u>				
Motor Vehicle	1,138,379	237,246	-	1,375,625
Furniture & Fixtures	250,514	62,851	-	313,365
Office Equipment	274,541	44,282	(800)	318,023
Computers	1,200,673	368,458	-	1,569,131
	-----	-----	-----	-----
	2,864,107	712,837	(800)	3,576,144
	=====	=====	=====	=====

Net Book Value at Dec 2020 **1,840,310**
=====

Net Book Value at Dec 2019 **1,392,913**
=====

<u>Cost</u>	<u>Balance at 1st Jan 2019 GH¢</u>	<u>Addition GH¢</u>	<u>Disposal/ Deletions GH¢</u>	<u>Balance at Dec. 2019 GH¢</u>
Motor Vehicle	1,113,307	938,274	(205,839)	1,845,742
Furniture & Fixtures	393,971	79,054	(31,705)	441,320
Office Equipment	356,015	29,255	(16,635)	368,635
Computers	1,450,266	268,387	(117,330)	1,601,323
	-----	-----	-----	-----
	3,313,559	1,314,970	(371,509)	4,257,020
	=====	=====	=====	=====
<u>Depreciation</u>				
Motor Vehicle	979,679	364,539	(205,839)	1,138,379
Furniture & Fixtures	224,868	56,869	(31,223)	250,514
Office Equipment	242,865	48,253	(16,577)	274,541
Computers	1,150,119	167,392	(116,838)	1,200,673
	-----	-----	-----	-----
	2,597,531	637,053	(370,477)	2,864,107
	=====	=====	=====	=====

Net Book Value at Dec 2019 **1,392,913**
=====

Net Book Value at Dec 2018 **716,028**
=====

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020*

Notes (continued)

	<u>2020</u>	<u>2019</u>
	<u>GH¢</u>	<u>GH¢</u>
7) <u>Financial & Professional Charges</u>		
Bank charges	44,752	37,848
Audit Fee	37,823	32,579
	-----	-----
	82,575	70,427
	=====	=====
8) <u>Administrative & Other Expenses</u>		
Board Sitting Allowance	38,250	77,574
Committee Sitting Allowance	381,780	203,800
Electricity	158,120	180,000
Water	20,131	19,981
Telephone Expenses	118,035	128,094
Internet	145,643	102,947
Promotional & Advertising Expenses	514,317	676,835
Rent - Office Building	487,915	444,599
Training & Development	93,193	342,441
Local Consultancy	1,012,647	118,053
Computer Accessories Expenses	54,232	114,877
Courier & Postage	25,202	44,243
News Papers	15,240	13,035
Magazine & Periodical	37,986	43,361
Insurance	56,717	43,404
Security	81,211	76,785
Repairs & Maintenance	138,003	81,255
Printing and Stationery	30,037	44,303
Funeral Expenses	17,770	13,420
Office Cleaning & Sanitation	73,005	24,272
Refreshment	50,012	49,006
Subscriptions	149,843	101,737
Recruitment Expenses	8,116	26,731
Loan Disbursement Charges	190,484	318,141
Depreciation	712,237	637,053
	-----	-----
	4,610,528	3,925,947
	=====	=====

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020***Notes (continued)**

	<u>2020</u> <u>GH¢</u>	<u>2019</u> <u>GH¢</u>
4) <u>Gross Revenue</u>		
Administrative Grant	4,892,000	3,600,000
Communication Service Tax Revenue	416,218	255,198
Administrative Grant-College of Education Allowance	2,000,000	3,877,412
Interest on Investment	567,308	705,349
Tender Income	9,200	1,530
Bank Interest Received	-	1,518
Other Income	495	11,298
E-zwich Interest Earned	9,288	6,896
Loan Interest Earned	6,963,504	6,361,641
Interest on Staff Advance	31,875	37,120
Gain/ Loss on Asset Disposal	800	71,978
	----- 14,890,688 =====	----- 14,929,940 =====
5) <u>Employment Costs</u>		
Established Post	3,965,304	3,332,150
Employers SSF Contribution	513,188	432,950
Employer Tier 3 Contribution	311,706	264,322
Transport Allowance	336,977	327,558
Other Staff Allowances	1,312,545	1,181,744
Medical Expenses	251,704	192,086
Overtime Allowance	5,083	4,169
	----- 6,696,507 =====	----- 5,734,979 =====
6) <u>Travelling & Transport</u>		
Local Travelling Expenses	61,033	140,105
Vehicle Running Expenses	651,156	591,310
Maintenance of Vehicle	66,691	102,252
National Service Personnel Allowance	141,407	82,454
Travel & Transport Expense	24,640	24,241
Foreign Travel Cost	41,164	258,792
	----- 986,090 =====	----- 1,199,154 =====

NOTES (continued)

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below:

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which use a consistent definition of materiality throughout International Financial Reporting Standards and the *Conceptual Framework for Financial Reporting*, to clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

These standards are mandatory for financial years commencing on or after 1 January 2020.

NOTES (continued)

2.12 Significant Judgements and Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These form the basis of making the judgement on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on a realization basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Certain accounting policies have been identified where management has applied a higher degree of judgement that have a significant effect on the amounts recognized in the financial statements, or estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.12.1 Going Concern

The Trust's management has made an assessment of the trust's ability to continue as a going concern and is satisfied that the trust has the resources to continue in operation for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Trust's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.13 Corporate Income Tax

The Trust Fund is exempted from the payment of corporate tax.

3) New standards, Amendments and Interpretations not yet Adopted

(a) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020.

- IFRS 16, 'Leases'
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The Company had to change its accounting policies following the adoption of IFRS 16. Other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes (continued)

Impairment of Financial Assets

At each reporting date the company assesses whether, as a result of one or more events (loss event) occurring after initial recognition, there is objective evidence that a financial asset has become impaired. Evidence of impairment may include indications that the borrower is experiencing significant financial difficulty, default or delinquency in interest or principal payments.

Provision for Bad Debts

Bad debt is provided for by the use of the general approach under IFRS 9 on matured loans due for repayment.

Students Loan Protection Scheme

The Students Loan Trust Fund Act 2011 (Act 820) establishing the Fund requires borrower of the Fund to subscribe to a Students Loan Protection Scheme that indemnify the borrower against payment of outstanding debt to the Fund as a result of death or permanently disability. The loan protection covers the duration of the loan. 0.5% of the loan amount is deducted from loans granted to borrowers.

2.9 Cash and Cash Equivalent

For the purpose of Cash Flow Statement, Cash and Cash Equivalent include Cash, not restricted balances with the Trust, amount due from Banks and financial institutions.

2.10 Accounts Payable

Accounts payables are obligations to pay for goods, services and stationery deductions that have been acquired or become liable in the course of operations.

2.11 Employee Benefits

The Fund operates the new pension scheme as contained in the National Pension Act, 2008 (Act 766). Under Act 766, the Fund contributes 13% of employees' basic salary to the compulsory pension scheme, made up of the Basic National Social Security Scheme managed by Social Security and National Insurance Trust (SSNIT) and the Occupational Pension Scheme managed by a private pension fund. The employees also contribute 5.5% of their basic salary to the funds, making a total contribution of 18.5%.

Out of the total contribution of 18.5%, the Fund remits 13.5% to the Social Security and National Insurance Trust towards the first tier pension scheme, and the remaining 5% to a private managed and mandatory second tier scheme.

Notes (continued)

2.6 Impairment of Non-Financial Assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.7 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined using weighted average cost. Cost comprises invoice value and all other costs incurred in bringing the inventories to their present location, less provision for impairment, if any. Net realization value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Financial Assets

All financial assets of the Fund are classified as loans and receivables, based on the purpose for which the financial assets are acquired. The Trustees determine the classification of the financial assets at initial recognition.

Students' Loan

These are loans advanced to eligible students. The amount projected to be collected within 12 months from reporting date is classified as current assets (**matured loans**) and the balance as non-current assets (**unmatured loans**).

Students Loan-Unmatured is stated at cost. Matured loan is stated after writing off specific debts considered irrecoverable and a provision for doubtful debts estimated on the matured loan balance.

Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Fund commits to purchase or sell the asset. Loans are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes (continued)

i. Investment Income

This is earnings on short-term investments at given market rates.

ii. Interest on Students Loan

Interest rate applied on loan is the average monthly Government of Ghana 182 treasury bill currently capped at 12% in the study period, and plus 2% in repayment period. Once students have initiated repayment, the interest accumulated on their debt is recognised as income.

iii. Deferred Income

Accumulated interest on students loan is deferred until repayment of loan by beneficiaries have commenced. Deferred income is recognized at cost.

2.4 Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

2.5 Property, Plant and Equipment

The Trust recognizes an item of Property, Plant and Equipment as an asset when it is probable that future economic benefit will flow to it and the amount meet the materiality threshold set by the Trust. Property, Plant and Equipment are stated at cost less accumulated depreciation and any improvement in value. Historical cost includes the expenditure that is directly attributable to the acquisition of the items. Cost of an item of property, plant and equipment includes its purchase price and any directly attributable cost. Cost includes the cost of replacing part of an existing property, plant and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day-to-day servicing of a property, plant and equipment.

Depreciation is calculated on a straight-line basis over the anticipated useful life of the asset. The current annual depreciation rates for each class of property, plant and equipment are as follows:

Office Equipment	20%
Motor Vehicles	25%
Computer Equipment and Software	25%
Furniture and Fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other income in the statement of income.

When revalued assets are sold, any amount included in the capital surplus is transferred to the statement of income.

NOTES TO THE FINANCIAL STATEMENTS

1) Reporting Entity

Students Loan Trust Fund was established on 28 October, 2005 by an Act of Parliament, Student Loan Trust Fund Act, 2011 (Act 820). The object of the Fund is to provide financial resources and the sound management of the Fund for the benefit of students of accredited tertiary institutions pursuing accredited tertiary programmes and to promote and facilitate the national ideals enshrined in articles 25 and 38 of the 1992 Constitution.

2) Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs), the Trustees Incorporation Act, 1962 (Act 106) and the Students Loan Trust Fund Act, 2011 (Act 820). The financial statements have been prepared under the historical cost convention. The functional and presentation currency of the Trust Fund is in Ghana cedis (GH¢). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.12.

2.2 Grants

These are Government grants for disbursement as loans to eligible students. Grants are recognized as and when received, thus accounted for on cash basis. An accrual basis is not considered appropriate because it would result in substantial receivable account resulting from unfulfilled pledges from organizations and institutions that may not be recoverable. Administrative grant is recognized in the income statement whilst capital fund is recognized in the statement of financial position.

2.3 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the Trust Fund's activities. The Trust Fund recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Trust Fund and when specific criteria have been met for each of the Fund's activities as described below.

Revenue is recognized as follows:

Gross Revenue represents administrative grants received from Government of Ghana for the administration of the Secretariat, interest on student loans where payment has commenced and interest on funds invested.

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020***Notes (continued)**

	<u>2020</u> <u>GH¢</u>	<u>2019</u> <u>GH¢</u>
10) <u>Students Loan - Unmatured</u>		
Balance as at 1 st January	381,354,331	338,860,315
Disbursement for the year	49,128,668	58,871,944
	-----	-----
	430,482,999	397,732,259
Interest	59,263,273	49,771,605
Transfer to Students Loan-Matured	(57,163,506)	(66,149,533)
	-----	-----
Balance as at 31 st December	432,582,766	381,354,331
Less: unmatured loan due within 12 months	(71,405,733)	(39,152,577)
	-----	-----
	361,177,033	342,201,754
	=====	=====
11) <u>Students Loan-Matured</u>		
Balance as at 1 st January	56,210,689	26,683,044
Transfer from students Loan-Unmatured	57,163,506	66,149,533
Repayments	(37,904,577)	(36,621,888)
	-----	-----
	75,469,618	56,210,689
Provision for Bad and Doubtful Debt	(3,987,786)	(2,810,534)
	-----	-----
	71,481,832	53,400,155
Add: Unmatured Loan due within 12 months	71,405,733	39,152,577
	-----	-----
	142,887,565	92,552,732
	=====	=====
12) <u>Investments</u>		
Fixed Deposits	9,701,865	30,613,633
	=====	=====
13) <u>Inventory</u>		
Stationery	32,715	18,370
Computer Accessories	108,414	19,475
	-----	-----
	141,129	37,845
	=====	=====

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020***Notes (continued)**

	<u>2020</u> <u>GH¢</u>	<u>2019</u> <u>GH¢</u>
14) <u>Accounts Receivable</u>		
Staff Advances	769,074	805,518
Prepayments	236,063	722,529
	-----	-----
	1,005,137	1,528,047
	=====	=====
15) <u>Cash and Bank</u>		
Cash	62,777	68,494
Bank	8,601,924	9,912,054
	-----	-----
	8,664,702	9,980,548
	=====	=====
16) <u>Capital Fund</u>		
Balance as at 1 st January	231,128,959	206,133,496
Capital Grant received in the year	21,189,724	24,995,463
	-----	-----
	252,318,683	231,128,959
	=====	=====
17) <u>Deferred Income</u>		
Balance as at 1 st January	191,734,053	148,324,089
Add: Accrued Interest	59,263,272	49,771,605
	-----	-----
	250,997,325	198,095,694
Less: Interest Earned	(6,963,504)	(6,361,641)
	-----	-----
Balance as at 31 st December	244,033,821	191,734,053
	=====	=====

This represents accumulated interest on loans granted yet to be earned

STUDENTS LOAN TRUST FUND*Financial Statements for the year ended 31 December 2020***Notes (continued)**

	<u>2020</u> <u>GH¢</u>	<u>2019</u> <u>GH¢</u>
18) <u>Students Loan Protection Scheme</u>		
Balance as at 1 st January	2,472,425	2,517,619
Additions during the year	241,857	294,397
	-----	-----
	2,714,282	2,812,016
Interest Earned during the year	-	1,289
Less: Claims and Expenses	(46,528)	(340,880)
	-----	-----
Balance as at 31 st December	2,667,754	2,472,425
	=====	=====
19) <u>Accounts Payable & Accruals</u>		
Pension Contribution	34,589	35,938
Audit Fees	37,823	32,579
Welfare	-	383
Withholding Taxes	5,956	24,170
PAYE	143,657	17,420
Utilities	88,192	4,265
Sundry Accruals	782,949	684,877
Consultancy Services	-	11,860
Sundry Payables	144,524	18,331
College of Education Allowance	1,103,555	29,335,519
	-----	-----
	2,253,053	30,165,342
	=====	=====

20) Contingent Liabilities

There were no outstanding capital commitments as at 31st December 2020 (2019: Nil).

21) Capital Commitments

There were no outstanding capital commitments as at 31st December 2020 (2019: Nil).