

STUDENTS LOAN TRUST FUND

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER, 2017



STUDENTS LOAN TRUST FUND



REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

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GENERAL INFORMATION

BOARD OF TRUSTEES

Jacob Kwabena Adjei (Chairman)
Nana Kwaku Agyei Yeboah (CEO)
Hon. Yaw Owusu-Boateng
Angela Kyeremanten-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

BOARD SECRETARY

Nana Kwaku Agyei Yeboah (CEO)

REGISTERED OFFICE

No. 47, 3rd Crescent Street
Asylum Down
P. O. Box PMB CT 223
Cantonments-Accra

AUDITORS

AAK Services
Chartered Accountants
No. 7A Ninth Street, Tesano
P. O. Box AN 18603
Accra-North

BANKERS

Ecobank Ghana Limited
HFC Bank Limited
GCB Bank Limited
National Investment Bank
GN Bank Limited
Bank of Ghana

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

The Board of Trustees have the pleasure in submitting their Report and Financial Statements, consisting of a Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Accumulated Fund and Statement of Cash Flows for the year ended 31 December 2017.

Objects of the Fund

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.

Statement of Board of Trustees Responsibilities

The Trustee Incorporated Act, 1962 (Act 106) and the Students Loan Trust Fund Act 2011 (Act 820) setting up the Trust Fund requires 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 period.

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

	2017
	GHC
Income	10,476,693
Expenditure	<u>(7,513,109)</u>
Surplus	2,963,584
To which is added Accumulated Fund b/f of	<u>15,963,782</u>
Leaving a Balance on Accumulated Fund b/f of	<u>18,927,366</u>

AUDITORS

In accordance with Article 187 of the 1992 Constitution of the Republic of Ghana, the Auditor General appointed Messrs. AAK Services (Chartered Accountants) as Auditors of Students Loan Trust Fund.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Trust Fund were approved by the Board of Trustees on

..... 20th March 2019 and are signed on their behalf by


.....
CHAIRMAN


.....
CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF THE STUDENTS LOAN TRUST FUND

Opinion

We have audited the Financial Statements of Students' Loan Trust Fund, set out on pages 6 to 21, which comprise the Statement of Financial Position as at 31 December 2017, the Statement of Comprehensive Income, the Statement of Changes in Accumulated Fund and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, which includes a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of Students Loan Trust Fund as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Students Loan Trust Fund Act 2011 (Act 820).

Basis of 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 Trust Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Other Information

The Trustees are responsible for the other information. The other information comprises the Report of the Board of Trustees. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Students Loan Trust Fund Act 2011 (Act 820) and for such internal control as the Trustees determine 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, the Trustees are responsible for assessing the Fund'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 the Trustees either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditors 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 it 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 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 Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- 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 Trust'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 Trust to cease to continue as a going concern.
- 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.

AAK Services

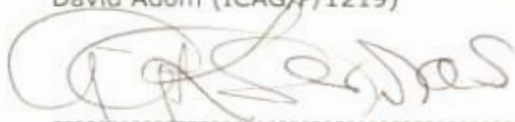
Chartered Accountants

7A Ninth Street, Tesano Accra
P. O. Box AN 18603,
Accra - North
Ghana

Tel: 233-21-256224
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We communicate with the Board of Trustees 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.

The engagement partner on the audit resulting in this independent auditor's report is David Adom (ICAG/P/1219)



For and on behalf of AAK Services (ICAG/F/2019/114)
Chartered Accountants
No.7A Ninth Street, Tesano
P. O. Box AN 18603
Accra-North

Date: 29TH MARCH 2019

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

ASSETS	NOTE	2017 GH¢	2016 GH¢
Non-Current Assets			
Property, Plant and Equipment	9	790,769	1,035,894
Students Loan-Unmatured	10	<u>192,290,643</u>	<u>145,283,453</u>
		<u>193,081,412</u>	<u>146,319,347</u>
Current Assets			
Students Loan-Matured	11	78,930,172	52,200,702
Investment	12	38,974,792	40,483,199
Inventory	13	88,424	70,527
Accounts Receivable & Prepayments	14	1,254,326	693,515
Cash & Bank Balances	15	<u>7,302,082</u>	<u>4,338,020</u>
		<u>126,549,796</u>	<u>97,785,963</u>
Total assets		<u>319,631,208</u>	<u>244,105,310</u>
ACCUMULATED FUND & LIABILITIES			
Accumulated Fund			
Capital Fund	16	167,994,003	144,884,692
Income Surplus		<u>18,927,366</u>	<u>15,963,782</u>
		<u>186,921,369</u>	<u>160,848,474</u>
Non Current Liabilities			
Deferred Income	17	108,534,890	81,629,266
Loan Protection Scheme	18	<u>1,807,262</u>	<u>1,263,348</u>
		<u>110,342,152</u>	<u>82,892,614</u>
Current Liabilities			
Accounts Payable & Accruals	19	<u>22,367,687</u>	<u>364,222</u>
Total Accumulated Fund & Liabilities		<u>319,631,208</u>	<u>244,105,310</u>



CHAIRMAN

Date: 20/03/19



CHIEF EXECUTIVE OFFICER

Date: 20/03/19

The notes on pages 10 to 21 form an integral part of these financial statements

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

	NOTE	2017 GH¢	2016 GH¢
Income	4	<u>10,476,693</u>	<u>14,800,198</u>
Less: Expenses			
Staff Costs	5	3,650,427	2,689,809
Travelling & Transport	6	775,668	918,000
Financial & Professional Charges	7	122,474	63,672
Administrative & Other Expenses	8	2,761,068	3,083,804
Provision for Bad & Doubtful Debt		<u>203,472</u>	<u>239,860</u>
Total Expenditure		<u>7,513,109</u>	<u>6,995,145</u>
Surplus for the Year		<u>2,963,584</u>	<u>7,805,053</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

FOR THE YEAR ENDED 31ST DECEMBER, 2017

2017	CAPITAL FUND GH¢	INCOME SURPLUS GH¢	TOTAL GH¢
Balance at 1st January	144,884,692	15,963,782	160,848,474
Additions during the year	23,109,311	-	23,109,311
Surplus for the year	<u>-</u>	<u>2,963,584</u>	<u>2,963,584</u>
Balance at 31st December	<u>167,994,003</u>	<u>18,927,366</u>	<u>186,921,369</u>

2016			
Balance at 1st January	116,018,771	8,158,729	124,177,500
Additions during the year	28,865,921	-	28,865,921
Surplus for the year	<u>-</u>	<u>7,805,053</u>	<u>7,805,053</u>
Balance at 31st December	<u>144,884,692</u>	<u>15,963,782</u>	<u>160,848,474</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

	2017 GH¢	2016 GH¢
Operating Activities		
Surplus for the year	2,963,584	7,805,053
Depreciation	393,017	392,644
Profit on Disposal of Property, Plant & Equipment	(1,487)	(22,450)
Increase in Unmatured Loan	(47,007,190)	(38,192,162)
Increase in Matured Loan	(26,729,470)	(4,557,339)
Interest Received	(5,291,322)	(10,932,474)
Inventory	(17,897)	(40,637)
(Increase) in Account Receivable	(560,811)	(76,751)
Increase in Account Payable	22,003,465	77,079
Net Cash Inflow from Operating Activities	(54,248,111)	(45,547,037)
Investing Activities		
Interest on Investment	5,291,322	10,932,474
Acquisition of Property, Plant and Equipment	(147,892)	(815,386)
Proceeds from Disposal of Property Plant and Equipment	1,487	22,450
(Increase)/Decrease in Investment	1,508,407	(12,915,225)
Net Cash Inflow/(Outflow) from Investing Activities	6,653,324	(2,775,687)
Financing Activities		
Capital Fund	23,109,311	28,865,921
Deferred Income	26,905,624	18,406,999
Loan Protection Scheme Fund	543,914	423,265
Net Cash Inflow from Financing Activities	50,558,849	47,696,185
Net Increase/(Decrease) during the year	2,964,062	(626,539)
Cash and cash equivalent at beginning of year	4,338,020	4,964,559
Cash and cash equivalent at end of year	7,302,082	4,338,020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1.0 GENERAL INFORMATION

The Trust was set up on 28 October, 2005, and operates under the Students Loan Trust Fund Act, 201 (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.

2.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), 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 the Ghana Cedi (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 judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.13.

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 Grants 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

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 recognized 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 fair value.

2.4 Foreign Currency Translation

(a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Ghana cedi which is the Fund's functional currency.

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 translation 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

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment. 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 direct attributable costs. 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 costs of day- to-day servicing of an item of property, plant and equipment.

Computer Software

Computer software is capitalized on the basis of the costs incurred to acquire and put to use specific software. These costs are amortized on the basis of expected useful lives. Software has a maximum expected useful life of 4 years. Software is carried at cost less any amortization and impairment losses, if any.

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

Depreciation commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

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 account is transferred to the Statement of Income.

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 costs 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 Non-Current Assets held for Sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable 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 realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Financial Assets

Classification

All financial assets of the Fund are classified as loans and receivables, based on the purpose for which the financial assets were 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 to be irrecoverable and a provision for doubtful debts estimated on the Matured Loan Balance.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Fund commits to purchase or sell the asset. Loans and receivables 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 realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Fund assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of Income. If a loan has a variable interest rate, the discount rate for measuring any Impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of income.

Provision for Bad Debts

Bad debt is provided for by estimating 5% on Loans due for repayment (i.e. Matured Loans)

Students Loan Protection Scheme

The Students Loan Trust Fund Act 2011 (Act 820) establishing the Fund requires borrowers 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 permanent disability. The Loan Protection covers the duration of the Loan. 0.5% of Loan amount is deducted from loans granted to borrowers.

2.10 Accounts Payable

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

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 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 privately managed and mandatory second tier scheme.

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 judgements 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 realisation basis. Revisions to accounting estimates are recognised 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 recognised 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.

2.13 Financial Risk Management

The Fund's operations expose it to a variety of financial risks that include credit risk, liquidity risk, the effects of changes in foreign currency exchange rates and interest rates. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The primary risk faced by the Fund is credit risk.

Risk management is carried out by the management of the Fund under policies approved by the Board of Trustees. Management identifies and evaluates financial risks.

Market Risk Management

Market risk is the risk that movements in market rates, foreign exchange rates, interest rates, and equity and commodity prices will reduce the Fund's income or the value of its portfolios. The management of market risk is undertaken using policies approved by the board of Trustees.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

3.0 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

In the current year, the Company has applied all of the new and revised Standards as issued by the IASB and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2017.

(i) New and revised standards and interpretations with no material effect on the financial statements

The following relevant Standards and Interpretations have been applied in these financial statements. However, they did not have any impact on the Company's financial statements.

IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative.

IAS 12 Income Taxes - Amendments relating to the recognition of deferred tax assets for unrealised losses.

(ii) New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations were in issue but not yet effective for annual period on or after the respective dates as indicated:

IAS12 Income Taxes - Amendments relating to uncertainty over income tax treatments brought by IFRIC 23 (effective 01 January 2019)

IFRS 4 Insurance contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 01 January 2018)

IFRS 7 Financial Instruments: Disclosures - additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 01 January 2018)

IFRS 7 Financial Instruments: Disclosures - amendments to defer mandatory effective date and transition disclosures to when IFRS 9 is applied (effective 01 January 2018)

IFRS 15 Revenue from Contracts with Customers - Original issue (effective 01 January 2018)

IFRS 15 Revenue from Contracts with Customers - Amendments to defer the effective date to 01 January 2018 (effective 01 January 2018)

IFRS 15 Revenue from Contracts with Customers - Clarifications to IFRS 15 (effective 01 January 2018)

IFRS 16 Leases - Original Issue (effective 01 January 2019)

IFRS 17 Insurance Contracts - Insurance Contracts published (effective 01 January 2021)

The effect of all other IFRS amendments not yet adopted is not expected to be material. The Trustees anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above.

The Trustees have not yet had an opportunity to consider the potential impact of the application of these amendments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) **FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTE 4 GROSS REVENUE

	2017 GH¢	2016 GH¢
Administrative Grant	2,500,000	1,200,000
Other Grant	67,701	-
Interest on Investment	5,291,322	10,932,474
Tender Income	-	4,200
Bank Interest	1,185	2,731
Other Income	60	117
E-zwich Interest Earned	17,924	5,660
Loan Interest Earned	2,585,934	2,629,788
Interest on staff Loan	11,080	2,778
Gain on Asset Disposal	1,487	22,450
	<u>10,476,693</u>	<u>14,800,198</u>

NOTE 5 STAFF COSTS

	2017 GH¢	2016 GH¢
Established Post	2,048,149	1,587,537
Non-Established Post	65,510	56,556
Pension Contribution	266,260	206,380
Transport Allowance	263,753	167,866
Other Staff Allowances	877,102	599,666
Medical Expenses	125,910	66,663
Overtime Allowance	3,743	5,141
	<u>3,650,427</u>	<u>2,689,809</u>

NOTE 6 TRAVELLING & TRANSPORT

	2017 GH¢	2016 GH¢
Local Travelling Expenses	142,409	131,457
Vehicle Running Expenses	365,031	310,620
Maintenance of Vehicle	86,660	101,593
NSP Allowance	64,699	55,057
T & T Expenses	37,884	37,537
Foreign Travel Cost	78,985	281,736
	<u>775,668</u>	<u>918,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 7 FINANCIAL & PROFESSIONAL CHARGES

	2017 GHC	2016 GHC
Bank Charges	92,474	35,672
Audit Fees	30,000	28,000
	<u>122,474</u>	<u>63,672</u>

NOTE 8 ADMINISTRATIVE & OTHER EXPENSES

	2017 GHC	2016 GHC
Board Fees and Allowance	5,487	35,387
Board Quarterly Allowance	24,000	97,481
Committee Sitting Allowance	-	75,399
Board Terminal Benefit	109,667	-
Electricity	220,200	208,000
Water	15,459	15,499
Telephone Expenses	80,094	48,629
Internet	99,815	109,208
Promotion and Advertisement	422,903	579,231
Rent	375,917	364,662
Training and Development	256,727	558,578
Consultancy	200,697	129,302
Computer accessories	29,629	17,040
Courier and Postage	42,743	28,941
Newspapers	15,478	17,999
Magazines, Periodicals and Documentation	16,833	41,416
Insurance	39,768	27,676
Security Services	36,807	32,366
Repairs and Maintenance	55,226	46,590
Printing and Stationery	19,860	45,619
Funeral Expenses	9,195	-
Sanitation	33,648	27,958
Refreshment	56,485	60,541
Subscription	49,771	43,607
Recruitment Expenses	3,821	6,151
Disbursement Charges	147,820	73,880
Depreciation	393,018	392,644
	<u>2,761,068</u>	<u>3,083,804</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

	Computers GH¢	Office Equipment GH¢	Motor Vehicles GH¢	Furniture and Fixtures GH¢	Total GH¢
COST					
Balance at 1st January, 2017	1,315,511	287,839	1,113,307	234,980	2,951,637
Addition	17,727	46,329	-	83,836	147,892
Disposal	(60,135)	(7,900)	-	(1,136)	(69,171)
Balance at 31st December, 2017	<u>1,273,103</u>	<u>326,268</u>	<u>1,113,307</u>	<u>317,680</u>	<u>3,030,358</u>
DEPRECIATION					
Balance at 1st January, 2017	941,182	160,987	648,921	164,653	1,915,743
Charge for the year	131,442	40,780	200,789	20,006	393,017
Disposal	(60,135)	(7,900)	-	(1,136)	(69,171)
Balance at 31st December, 2017	<u>1,012,489</u>	<u>193,867</u>	<u>849,710</u>	<u>183,523</u>	<u>2,239,589</u>
NET BOOK VALUE 2017	<u>260,614</u>	<u>132,401</u>	<u>263,597</u>	<u>134,157</u>	<u>790,769</u>
NET BOOK VALUE 2016	<u>374,329</u>	<u>126,852</u>	<u>464,386</u>	<u>70,327</u>	<u>1,035,894</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 10 STUDENTS LOAN-UNMATURED

	2017 GH¢	2016 GH¢
Opening Balance	174,035,580	135,843,418
Disbursement for the year	62,290,949	37,331,050
	236,326,529	173,174,468
Interest	29,371,824	20,942,333
Transfer to Students Loan-Matured	(21,792,057)	(20,081,221)
	243,906,296	174,035,580
Less: Unmatured loan due within 12 months	51,615,653	28,752,127
	192,290,643	145,283,453

NOTE 11 STUDENTS LOAN - MATURED

Opening Balance	24,682,711	19,885,513
Transfer from Students Loan-Unmatured	21,792,057	20,081,221
Repayments	(17,722,641)	(15,284,023)
	28,752,127	24,682,711
Provision for Bad and Doubtful Debt	(1,437,608)	(1,234,136)
	27,314,519	23,448,575
Add: Unmatured loan due within 12 months	51,615,653	28,752,127
	78,930,172	52,200,702

NOTE 12 INVESTMENTS

	2017 GH¢	2016 GH¢
Investment	38,974,792	40,483,199

These represent investments in call accounts and fixed deposits stated at market value.

NOTE 13 INVENTORY

	2017 GH¢	2016 GH¢
Stationery	24,824	28,941
Computer Accessories	63,600	41,586
	88,424	70,527

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 14 ACCOUNT RECEIVABLE & PREPAYMENTS

	2017 GH¢	2016 GH¢
Staff Advances	692,302	513,628
Prepayments	<u>562,024</u>	<u>179,887</u>
	<u>1,254,326</u>	<u>693,515</u>

NOTE 15 CASH AND BANK

	2017 GH¢	2016 GH¢
Cash	36,164	20,030
Bank	<u>7,265,918</u>	<u>4,317,990</u>
	<u>7,302,082</u>	<u>4,338,020</u>

Included in the bank balance is an overdrawn balance of GH¢ 303,903 (2016-Nil).

NOTE 16 CAPITAL FUND

	2017 GH¢	2016 GH¢
Balance b/d	144,884,692	116,018,771
Capital Grant Received in the year	<u>23,109,311</u>	<u>28,865,921</u>
	<u>167,994,003</u>	<u>144,884,692</u>

NOTE 17 DEFERRED INCOME

	2017 GH¢	2016 GH¢
Balance b/d	81,629,266	63,222,267
Add Accrued Interest	<u>29,491,558</u>	<u>21,036,787</u>
	111,120,824	84,259,054
Less Interest Earned	<u>(2,585,934)</u>	<u>(2,629,788)</u>
	<u>108,534,890</u>	<u>81,629,266</u>

This represents accumulated interest on the loans granted yet to be earned

NOTE 18 STUDENTS LOAN PROTECTION SCHEME

	2017 GH¢	2016 GH¢
Balance b/d	1,263,348	840,083
Additions during the year	<u>311,500</u>	<u>186,656</u>
	1,574,848	1,026,739
Interest Earned during the year	<u>232,414</u>	<u>239,834</u>
Less Claims and Expenses	<u>-</u>	<u>(3,225)</u>
	<u>1,807,262</u>	<u>1,263,348</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 19 ACCOUNTS PAYABLE & ACCRUALS

	2017 GH¢	2016 GH¢
Pension Contribution	72,929	33,997
Audit Fees	39,240	28,000
Welfare	1,520	4,860
Withholding Taxes	40,844	31,105
PAYE	115,417	60,517
Utilities	27,026	19,674
Sundry Accruals	152,909	83,908
Consultancy Services	32,783	38,330
Sundry Payables	31,199	63,831
COE Allowances	<u>21,853,820</u>	<u>-</u>
	<u>22,367,687</u>	<u>364,222</u>

NOTE 20 CONTINGENT LIABILITIES

There were no Contingent Liabilities as at 31st December, 2017-(2016-Nil)

NOTE 21 CAPITAL COMMITMENT

There were no Capital Commitments at the reporting date 31st December, 2017 (2016-Nil)

AAK SERVICES (CHARTERED ACCOUNTANTS)

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