STUDENTS LOAN TRUST FUND

REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER, 2018

Students Loan Trust Fund

Report and financial statements

For the year ended 31 December 2018

Contents **Pages**

General information

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

Report of the board of trustees
For the year ended 31 December 2018

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 2018.

Objectives of the fund
The objectives 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

	2018 GH¢	2017 GH¢
Income	**10,039,091**	10,476,693
Expenditure	**(8,682,815)**	(7,513,109)
Surplus	**1,356,276**	2,963,584
To which is added accumulated fund b/f of	**18,927,366**	15,963,782
Leaving a balance on accumulated fund c/f of	**20,283,642**	18,927,366

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 statement of the Trust Fund were approved by the Board of Trustees on ....10-12-2019....... and signed on their behalf by

....
Chairman

....
Chief Executive Officer

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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Independent auditors' report

To the members of Students Loan Trust Fund

Opinion

We have audited the financial statements of Students Loan Trust Fund, set out on pages 7 to 25, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, the statement of changes in accumulated fund and 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 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Accountant's 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 our 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.

AAK Services

Chartered Accountants

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Independent auditors' report

To the members of Students Loan Trust Fund

Auditor's Responsibilities for the Audit of 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 resonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Fund'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 Fund 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

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Independent auditors' report - continued

To the members of Students Loan Trust Fund

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

12TH DECEMBER ... *2019*

Students Loan Trust Fund

Statement of financial Position

As at 31 December 2018

	Notes	2018 GH¢	2017 GH¢
Assets			
Non current Assets			
Property, plant and equipment	4	716,028	790,769
Students loan-unmatured	5	287,859,147	192,290,643
		288,575,175	193,081,412
Current Assets			
Students loan-matured	6	76,350,060	78,930,172
Investment	7	4,531,870	38,974,792
Inventory	8	96,206	88,424
Accounts receivable & prepayments	9	926,764	1,254,326
Cash & bank balances	10	9,538,444	7,302,082
		91,443,344	126,549,796
Total Asset		380,018,519	319,631,208
Accumulated fund & liabilities			
Accumulated fund			
Capital fund	11	206,133,496	167,994,003
Revenue reserve		20,283,642	18,927,366
		226,417,138	186,921,369
Non current liabilities			
Deferred income	12	148,324,089	108,534,890
Loan protection scheme	13	2,517,619	1,807,262
		150,841,708	110,342,152
Current liabilities			
Accounts payable & accruals	14	2,759,673	22,367,687
Total accumulated fund & liabilities		380,018,519	319,631,208

Chairman

Date: 10/12/2019

Chief Executive Officer

Date: 10/12/2019

The notes on pages 11 to 25 form an integral part of these financial statements.

Students Loan Trust Fund

Statement of comprehensive income

For the year ended 31 December 2018

	Notes	2018 GH¢	2017 GH¢
Gross revenue	**15**	**10,039,091**	10,476,693
Less expenses			
Staff cost	**16**	**4,588,353**	3,650,427
Travelling & transport	**17**	**978,942**	775,668
Financial & professional charges	**18**	**66,415**	122,474
Administrative & other expenses	**19**	**3,152,561**	2,761,068
Provision for bad & doubtful debt		**(103,456)**	203,472
Total expenditure		**8,682,815**	7,513,109
Surplus for the year		**1,356,276**	2,963,584

The notes on pages 11 to 25 form an integral part of these financial statements.

Statement of changes in accumulated fund

For the year ended 31 December 2018

2018	Capital fund GH¢	Revenue reserve GH¢	Total GH¢
Balance at 1st January	**167,994,003**	**18,927,366**	**186,921,369**
Additions during the year	**38,139,493**	**-**	**38,139,493**
Surplus for the year	**-**	**1,356,276**	**1,356,276**
Balance at 31st December	**206,133,496**	**20,283,642**	**226,417,138**

2017			
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	-	2,963,584	2,963,584
Balance at 31st December	167,994,003	18,927,366	186,921,369

The notes on pages 11 to 25 form an integral part of these financial statements.

Students Loan Trust Fund

Statement of cash flows

For the year ended 31 December 2018

	Notes	2018 GH¢	2017 GH¢
Operating activities			
Surplus for the year		**1,356,276**	2,963,584
Depreciation		**357,942**	393,017
Profit on disposal of property, plant & equipment		**-**	(1,487)
Changes in unmatured loan		**(95,568,504)**	(47,007,190)
Changes in matured loan		**2,580,112**	(26,729,470)
Interest received		**(1,112,127)**	(5,291,322)
Changes in inventory		**(7,782)**	(17,897)
Changes in accounts receivable & prepayments		**327,562**	(560,811)
Changes in accounts payable and accruals		**(19,608,014)**	22,003,465
Net cash used in operating activities		**(111,674,535)**	(54,248,111)
Investing activities			
Interest on investment		**1,112,127**	5,291,322
Acquisition of property, plant and equipment		**(283,201)**	(147,892)
Proceeds from disposal of property, plant and equipment		**-**	1,487
Decrease in investment		**34,442,922**	1,508,407
Net cash generated from investing activities		**35,271,848**	6,653,324
Financing activities			
Capital fund		**38,139,493**	23,109,311
Deferred income		**39,789,199**	26,905,624
Loan protection scheme fund		**710,357**	543,914
Net cash generated from financing activities		**78,639,049**	50,558,849
Net increase during the year		**2,236,362**	2,964,062
Cash and cash equivalents at beginning of year		**7,302,082**	4,338,020
Cash and cash equivalents as at end of year		**9,538,444**	7,302,082

The notes on pages 11 to 25 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2018

1. General information

Students Loan Trust Fund 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 Article 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. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The 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 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 2.13.

2.2 Grants

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

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.

Notes to the financial statements

For the year ended 31 December 2018

iii. Deferred income

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

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 transaction at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised 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 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 an item of property, plant and equipment.

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

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.

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 recognised 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.

Notes to the financial statements

For the year ended 31 December 2018

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 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 of sale.

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 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 to be irrecoverable and a provision for doubtful debts estimated on the matured loan balance.

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 recognised at fair value and subsequently carried at amortised 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Notes to the financial statements

For the year ended 31 December 2018

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 group of financial assets is impaired and impaired losses are incurred only if there is objective evidence of impaired 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 assets that can be reliably estimated.

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

Provision for bad debts

Bad debts 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 the loan amount is deducted from loans granted to borrowers.

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 to the financial statements

For the year ended 31 December 2018

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 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 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.

3.0 Standards issued but not yet effective

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

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Notes to the financial statements

For the year ended 31 December 2018

3.0 Standards issued but not yet effective - continued

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.
IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

•A specific adaptation for contracts with direct participation features (the variable fee approach)

•A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative *figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15*

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credi and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Company operates in a complex multinational tax environment, applying the Interpretation may affect its financial statements. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Notes to the financial statements

For the year ended 31 December 2018

3.0 Standards issued but not yet effective - continued

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Company.
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

These amendments when they become effective will not impact the Trust Fund.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendmen curtailment or
settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment (settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.
An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Trust Fund.

Notes to the financial statements

For the year ended 31 December 2018

3.0 Standards issued but not yet effective - continued

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.
The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Company does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

IFRS 3 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments will apply on the future business combinations of the Trust Fund.

IFRS 11 Joint Arrangements
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Company's current practice is in line with these amendments, the Trust Fund does not expect any effect on its financial statements.

Notes to the financial statements

For the year ended 31 December 2018

4 Property, Plant & Equipment

31 December 2018

	Computers GH¢	Office Equipment GH¢	Motor Vehicles GH¢	Furniture and Fixtures GH¢	Total GH¢
Cost / Valuation					
Balance at 1 January	1,273,103	326,268	1,113,307	317,680	3,030,358
Additions	177,163	29,747	-	76,291	283,201
Balance at 31 December	1,450,266	356,015	1,113,307	393,971	3,313,559
Accumulated Depreciation					
Balance at 1 January	1,012,489	193,867	849,710	183,523	2,239,589
Charge for the year	137,630	48,998	129,969	41,345	357,942
Balance at 31 December	1,150,119	242,865	979,679	224,868	2,597,531
Net Book Value 2018	300,147	113,150	133,628	169,103	716,028
Net Book Value 2017	260,614	132,401	263,597	134,157	790,769

Notes to the financial statements
For the year ended 31 December 2018

4 Property, Plant & Equipment - continued

31 December 2017

	Computers GH¢	Office Equipment GH¢	Motor Vehicles GH¢	Furniture and Fixtures GH¢	Total GH¢
Cost / Valuation					
Balance at 1 January	1,315,511	287,839	1,113,307	234,980	2,951,637
Additions	17,727	46,329	-	83,836	147,892
Disposal	(60,135)	(7,900)	-	(1,136)	(69,171)
Balance at 31 December	1,273,103	326,268	1,113,307	317,680	3,030,358
Accumulated Depreciation					
Balance at 1 January	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 31 December	1,012,489	193,867	849,710	183,523	2,239,589
Net Book Value 2017	260,614	132,401	263,597	134,157	790,769

Notes to the financial statements

For the year ended 31 December 2018

5 Students loan-unmatured

	2018 GH¢	2017 GH¢
Opening balance	**243,906,296**	174,035,580
Disbursements for the year	**75,720,039**	62,290,949
	319,626,335	236,326,529
Interest	**43,679,859**	29,371,824
Transfer to students loan-matured	**(24,445,879)**	(21,792,057)
	338,860,315	243,906,296
Less: Unmatured loan due within 12 months	**51,001,168**	51,615,653
	287,859,147	192,290,643

6 Students loan-matured

	2018 GH¢	2017 GH¢
Opening balance	**28,752,127**	24,682,711
Transfer from students loan-unmatured	**24,445,879**	21,792,057
Repayments	**(26,514,962)**	(17,722,641)
	26,683,044	28,752,127
Provision for bad and doubtful debt	**(1,334,152)**	(1,437,608)
	25,348,892	27,314,519
Add: unmatured loan due within 12 months	**51,001,168**	51,615,653
	76,350,060	78,930,172

7 Investments

	2018 GH¢	2017 GH¢
Fixed deposit	**4,531,870**	38,974,792
	4,531,870	38,974,792

8 Inventory

	2018 GH¢	2017 GH¢
Stationery	**34,659**	24,824
Computer accessories	**61,547**	63,600
	96,206	88,424

Notes to the financial statements

For the year ended 31 December 2018

9 Accounts receivable & prepayments

	2018 GH¢	2017 GH¢
Staff Advances	**747,516**	692,302
Prepayments	**179,248**	562,024
	926,764	1,254,326

10 Cash and bank

	2018 GH¢	2017 GH¢
Cash	**40,456**	36,164
Bank	**9,497,988**	7,265,918
	9,538,444	7,302,082

11 Capital fund

	2018 GH¢	2017 GH¢
Balance b/d	**167,994,003**	144,884,692
Capital grant received in the year	**38,139,493**	23,109,311
	206,133,496	167,994,003

12 Deferred income

	2018 GH¢	2017 GH¢
Balance b/d	**108,534,890**	81,629,266
Add accrued interest	**44,278,364**	29,491,558
	152,813,254	111,120,824
Less interest earned	**(4,489,165)**	(2,585,934)
	148,324,089	108,534,890

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

13 Students loan protection scheme

	2018 GH¢	2017 GH¢
Balance b/d	**1,807,262**	1,263,348
Additions during the year	**378,709**	311,500
	2,185,971	1,574,848
Interest earned during the year	**336,628**	232,414
Less expenses	**(4,980)**	-
	2,517,619	1,807,262

Notes to the financial statements

For the year ended 31 December 2018

14 Accounts payables & accruals

	2018 GH¢	2017 GH¢
Pension contribution	**105,980**	72,929
Audit fees accrued	**60,000**	39,240
Welfare	**1,580**	1,520
Withholding taxes	**29,539**	40,844
PAYE	**147,967**	115,417
Utilities	**10,621**	27,026
Sundry accruals	**503,364**	152,909
Consultancy services	**-**	32,783
Sundry payables	**23,179**	31,199
COE allowances	**1,877,443**	21,853,820
	2,759,673	22,367,687

15 Gross revenue

	2018 GH¢	2017 GH¢
Administrative grant	**3,501,117**	2,500,000
Other grant	**703,119**	67,701
Interest on investment	**1,112,127**	5,291,322
Bank interest	**2,221**	1,185
Other income	**171,440**	60
E-zwich interest earned	**38,915**	17,924
Loan interest earned	**4,489,165**	2,585,934
Interest on staff loans	**20,987**	11,080
Gain on asset disposal	**-**	1,487
	10,039,091	10,476,693

16 Staff costs

	2018 GH¢	2017 GH¢
Established post	**2,599,807**	2,048,149
Non-established post	**7,013**	65,510
Pension contribution	**338,174**	266,260
Transport allowance	**348,291**	263,753
Other staff allowances	**924,454**	877,102
Employer tier 3 contribution	**172,048**	-
Medical expenses	**194,231**	125,910
Overtime allowance	**4,335**	3,743
	4,588,353	3,650,427

Notes to the financial statements

For the year ended 31 December 2018

17 Travelling & transport

	2018 GH¢	2017 GH¢
Local travelling expenses	**119,829**	142,409
Vehicle running expenses	**495,841**	365,031
Maintenance of vehicle	**100,107**	86,660
NSP allowance	**88,388**	64,699
T&T allowance	**41,230**	37,884
Foreign travel cost	**133,547**	78,985
	978,942	775,668

18 Financial & professional charges

	2018 GH¢	2017 GH¢
Bank charges	**36,415**	92,474
Audit fees	**30,000**	30,000
	66,415	122,474

19 Administrative & other expenses

	2018 GH¢	2017 GH¢
Board fees and allowance	**11,610**	5,487
Board quarterly allowance	**115,200**	24,000
Committee sitting allowance	**43,601**	-
Board terminal benefit	**-**	109,667
Electricity	**220,700**	220,200
Water	**15,572**	15,459
Telephone expenses	**98,439**	80,094
Internet	**120,808**	99,815
Promotion and advertisement	**545,480**	422,903
Rent	**383,956**	375,917
Training and development	**238,521**	256,727
Consultancy	**192,547**	200,697
Computer accessories	**37,262**	29,629
Courier and postage	**41,154**	42,743
Newspapers	**16,125**	15,478
Magazines, periodicals and documentation	**374**	16,833
Insurance	**37,091**	39,768
Security services	**51,845**	36,807
Repairs and maintenance	**162,663**	55,226
Printing and stationery	**20,364**	19,860
Funeral expenses	**-**	9,195
Sanitation	**27,586**	33,648
Refreshment	**46,753**	56,485
Subscription	**88,969**	49,771
Recruitment expenses	**10,481**	3,821
Disbursement charges	**267,517**	147,820
Depreciation	**357,943**	393,018
	3,152,561	2,761,068

Notes to the financial statements

For the year ended 31 December 2018

20 Contingent liabilities

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

21 Capital commitment

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

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