



Financial Statements of

STUDENT REVOLVING LOAN FUND

For the year ended March 31, 2016

(Expressed in Barbados dollars)

STUDENT REVOLVING LOAN FUND

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Independent Auditors' Report

To the Management Committee of the Student Revolving Loan Fund

We have audited the accompanying financial statements of the Student Revolving Loan Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2016, the statements of changes in funds, comprehensive income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Independent Auditors' Report

To the Management Committee of the Student Revolving Loan Fund, continued

Auditors' Responsibility, continued

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

Basis for Qualified Opinion

As described in note 2(i) to the financial statements, the Fund's current provisioning policy for the allowance for loan losses does not meet the requirements of International Accounting Standard No. 39 ("IAS 39"). Consequently as at March 31, 2016 we were unable to assess the reasonableness of the allowance for loan losses and any adjustments that might be required to the allowance for loan losses, the increase in the allowance for loan losses, comprehensive income and the general fund, if the Fund had applied the requirements of IAS 39.

Qualified Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2016 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'KPMG'.

Chartered Accountants
Bridgetown, Barbados
June 13, 2017

STUDENT REVOLVING LOAN FUND

Statement of Financial Position

As at March 31, 2016
with comparative figures at March 31, 2015

(Expressed in Barbados dollars)

| | <u>Notes</u> | <u>2016</u> | <u>2015</u> |
|---------------------------------------|--------------|-----------------------------|--------------------------|
| Assets | | | |
| Cash and cash equivalents | 4 | \$ 8,917,320 | 20,438,310 |
| Investments | 5 | 12,470,239 | 10,554,975 |
| Receivables and prepaid expenses | 6 | 334,255 | 291,395 |
| Staff loans | | 125,302 | 225,797 |
| Insurance receivable | 7 | 562,839 | 599,726 |
| Student loans receivable | 8 | 67,709,395 | 56,867,358 |
| Plant and equipment | 10 | <u>328,739</u> | <u>388,658</u> |
| Total Assets | | \$ <u>90,448,089</u> | <u>89,366,219</u> |
| Liabilities and Funds | | | |
| Liabilities | | | |
| Accounts payable and accrued expenses | | <u>\$ 526,627</u> | <u>532,886</u> |
| Total liabilities | | <u>526,627</u> | <u>532,886</u> |
| Funds | | | |
| Contribution | | 58,343,698 | 58,343,698 |
| General fund | | <u>31,577,764</u> | <u>30,489,635</u> |
| Total funds | | <u>89,921,462</u> | <u>88,833,333</u> |
| Commitments | 9 | | |
| Total Liabilities and Funds | | \$ <u>90,448,089</u> | <u>89,366,219</u> |

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Management Committee on June 13, 2017



Chairman



Administrative Manager

STUDENT REVOLVING LOAN FUND

Statement of Changes in Funds

For the year ended March 31, 2016
with comparative figures for 2015

(Expressed in Barbados dollars)

| | Contribution - Government of Barbados | General Fund | Total |
|-----------------------------------|---|-------------------|-------------------|
| Balance at March 31, 2014 | \$ 58,343,698 | 28,864,986 | 87,208,684 |
| Comprehensive income for the year | <u>-</u> | <u>1,624,649</u> | <u>1,624,649</u> |
| Balance at March 31, 2015 | \$ 58,343,698 | 30,489,635 | 88,833,333 |
| Comprehensive income for the year | <u>-</u> | <u>1,088,129</u> | <u>1,088,129</u> |
| Balance at March 31, 2016 | \$ <u>58,343,698</u> | <u>31,577,764</u> | <u>89,921,462</u> |

The accompanying notes form an integral part of these financial statements.

STUDENT REVOLVING LOAN FUND

Statement of Comprehensive Income

For the year ended March 31, 2016
with comparative figures for 2015

(Expressed in Barbados dollars)

| | <u>Notes</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|---------------------|------------------|
| Income | | | |
| Interest on student loans | 2(d) | \$ 3,621,207 | 3,680,391 |
| Interest on investments | | 701,874 | 1,100,031 |
| Credit and adjudication fees | | 227,405 | 245,517 |
| Other | | <u>15,707</u> | <u>9,478</u> |
| Total income | | <u>4,566,193</u> | <u>5,035,417</u> |
| Expenses | | | |
| Advertising | | 29,783 | 58,384 |
| Bad debt expense | | 863,586 | 749,048 |
| Increase (decrease) in allowance for uncollectible insurance | 7 | 36,608 | (24,959) |
| Increase in allowance for loan losses | 8 | 287,160 | 394,478 |
| Bank charges | | 4,098 | 3,873 |
| Committee members' fees | | 9,040 | 8,640 |
| Commissions paid | | 45,398 | 33,915 |
| Depreciation and amortisation | | 118,272 | 123,028 |
| Dues and subscriptions | | 9,475 | 7,245 |
| Insurance | | 8,466 | 7,609 |
| Miscellaneous | | 3,544 | 1,316 |
| Office expenses and supplies | | 136,347 | 131,419 |
| Professional fees | | 111,609 | 134,072 |
| License fees | | 6,609 | 8,181 |
| Repairs and maintenance | | 63,170 | 62,829 |
| Salaries and staff benefits | | 1,705,821 | 1,672,869 |
| Telephone | | 19,494 | 17,647 |
| Travel and entertainment | | <u>19,584</u> | <u>21,174</u> |
| Total expenses | | <u>3,478,064</u> | <u>3,410,768</u> |
| Net income being comprehensive income for the year | | \$ <u>1,088,129</u> | <u>1,624,649</u> |

The accompanying notes form an integral part of these financial statements.

STUDENT REVOLVING LOAN FUND

Statement of Cash Flows

For the year ended March 31, 2016
with comparative figures for 2015

(Expressed in Barbados dollars)

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Net income | \$ 1,088,129 | 1,624,649 |
| Adjustments for: | | |
| Depreciation and amortisation | 118,272 | 123,028 |
| Gain on disposal of plant and equipment | - | (2,373) |
| Interest income on investments | (701,874) | (1,100,031) |
| Interest income on student loans receivable | (3,621,207) | (3,680,391) |
| Increase in allowance for loan losses | 287,160 | 394,478 |
| Bad debts expense | 863,586 | 749,048 |
| Decrease in allowance uncollectible insurance | <u>36,608</u> | <u>(24,959)</u> |
| Operating loss before working capital changes | (1,929,326) | (1,916,551) |
| (Increase) decrease in receivables and prepaid expenses | (49,330) | 29,871 |
| Decrease (increase) in staff loans | 100,495 | (73,454) |
| Decrease in insurance receivable | 4,010 | 15,550 |
| (Decrease) increase in accounts payable and accrued expenses | (6,259) | 111,147 |
| Net student loan advances | <u>(8,368,837)</u> | <u>(4,531,835)</u> |
| Net cash used in operating activities | <u>(10,249,247)</u> | <u>(6,365,272)</u> |
| Cash Flows from Investing Activities | | |
| Purchase of plant and equipment | (58,353) | (29,763) |
| Proceeds on disposal of plant and equipment | - | 2,600 |
| Purchase of investments | (2,181,325) | (293,845) |
| Proceeds on maturity of investments | 293,845 | 21,152,100 |
| Interest received on investments | <u>674,090</u> | <u>1,329,474</u> |
| Net cash (used in) from investing activities | <u>(1,271,743)</u> | <u>22,160,566</u> |
| Net (decrease) increase in cash and cash equivalents | (11,520,990) | 15,795,294 |
| Cash and cash equivalents - beginning of year | <u>20,438,310</u> | <u>4,643,016</u> |
| Cash and cash equivalents - end of year | \$ <u>8,917,320</u> | <u>20,438,310</u> |

The accompanying notes form an integral part of these financial statements.

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

1. Incorporation and Principal Activity

The Student Revolving Loan Fund (the "SRLF") was established under the Student Revolving Loan Fund Act, 1976-20. The SRLF is also governed by the Student Revolving Loan Fund (Amendment) Act 1984-38 and the Student Revolving Loan Fund (Amendment) Act 1991-5.

The SRLF provides financial assistance to eligible Barbadians pursuing full-time studies in post-secondary, technical, vocational, undergraduate and graduate programmes. Its registered office is located at the Elsie Payne Complex, Constitution Road, St. Michael.

2. Significant Accounting Policies

(a) *Basis of preparation*

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") promulgated by the International Accounting Standards Board. They have been prepared under the historical cost convention.

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

(b) *Significant accounting judgments, estimates and assumptions*

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements and accompanying notes. Actual amounts may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(b) Significant accounting judgments, estimates and assumptions... continued

Impairment of financial assets

The SRLF assesses at each reporting date 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 if, and 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 future cash flows of the asset or group of assets that can be reliably estimated.

The criteria that the SRLF uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payment of principal and interest; and
- Breach of loan covenants or conditions.

The SRLF reviews its individually significant loans at each reporting date to assess whether impairment should be recorded in the Statement of Comprehensive Income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining individual impairment and also in the determination of collective impairment.

In estimating these cash flows, the SRLF makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance for impairment losses. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether a provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the SRLF operates ('the functional currency'). The financial statements are presented in Barbados dollars, which is the SRLF's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 recognised in the Statement of Comprehensive Income.

Translation of balances in United States currency has been made at the rate of US\$1 = BDS\$2, which is the official fixed rate of the Barbados Dollar (BDS\$).

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(d) Revenue recognition

Interest revenue

Interest on student loans is recognised on the accrual basis. At the end of each financial year all loans which have instalments in arrears for 180 days or over are classified as loans of doubtful value (LDV). Interest on loans classified as LDV is recognised only to the extent that cash is received.

Credit fees

Credit fees are recognised on an accruals basis.

Investment income

Investment income is recorded in the Statement of Comprehensive Income for all interest-bearing instruments on an accrual basis using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the instrument, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank.

(f) Financial assets

Held-to-maturity investments

Investments are represented by term deposits with financial institutions and Government treasury bills. These investments are classified as held-to-maturity investments, which are non-derivative financial assets with fixed or determinable payments and fixed maturities. Management has reviewed the SRLF's held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have confirmed the SRLF's positive intention and ability to hold those assets to maturity.

Held-to-maturity investments are initially measured at fair value and subsequently carried at amortised cost less any provision for impairment.

Regular-way purchases and sales of investments are recognised on the trade date.

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(f) Financial assets ...continued

Loans and receivables

Non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost less any provision for impairment.

The SRLF assesses at each reporting date whether there is evidence that a financial asset is impaired. If any such evidence exists a provision is established and the impairment loss reported in the Statement of Comprehensive Income.

(g) Plant and equipment

All assets are stated at cost less accumulated depreciation and impairment losses.

Subsequent cost is included in an asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits will flow to the SRLF. All repairs and maintenance are charged to the Statement of Comprehensive Income in the period in which they are incurred.

Depreciation is computed using the straight-line method at rates considered adequate to write off the cost of depreciable assets over their estimated useful lives.

The annual rates used are:

| | |
|------------------------|-------------|
| Computer equipment | 10% & 33.3% |
| Furniture and fixtures | 10% & 20% |
| Motor vehicles | 10% |
| Leasehold improvement | 10% |

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation 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 the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(i) *Allowance for loan losses*

The allowance for possible loan loss is based upon detailed analyses of loans in repayment mode in the 'Recoveries' portfolio and reflects an amount which, in Management's judgement, provides adequately for potential losses. All loans deemed uncollectible are fully provided for in the year that they are deemed to be uncollectible. The rates used to provide for potential losses and the corresponding categories to which they apply are as follows:

| <u>Rate</u> | <u>Period of Arrears</u> |
|-------------|--------------------------|
| 1% | Current – 180 days |
| 25% | 181 – 365 days |
| 50% | 1 – 2 years |
| 100% | over 2 years |
| 100% | deemed uncollectible |

International Accounting Standard No. 39 ("IAS 39") requires that the SRLF assess at the end of each reporting period whether there is any objective evidence that its loan portfolio, measured at amortized cost, is impaired. IAS 39 specifies that when using historical loss rates in estimating future cash flows, it is important that information about historical loss rates is applied to groups that are defined in a manner consistent with the groups for which the historical loss rates were observed. The method used should enable each group to be associated with information about past loss experience in groups of assets with similar credit risk characteristics and relevant observable data that reflect current conditions.

The SRLF does not conduct a review in the manner described above to be able to make an assessment of the accuracy of its provisioning policy compared to actual losses incurred at the end of each reporting period. The absence of such a review could lead to the under or overstatement of the impairment of its portfolio and the loan loss recognized for the reporting period.

(j) *Allowance for uncollectible insurance*

The allowance for uncollectible insurance is determined on the same basis as the allowance for loan losses.

(k) *Taxation*

The SRLF is exempt from income and any other form of tax under section 8 of the Student Revolving Loan Fund Act, Cap 54A.

(l) *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are in issue but not yet effective for the year ended March 31, 2016, and have not been applied in preparing these financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the Fund's financial statements is provided below:

- IFRS 9 – Financial Instruments (annual reporting periods beginning on or after January 1, 2018);

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(l) New standards and interpretations not yet adopted ...continued

- IFRS 15 – Revenue from Contracts with Customers (annual reporting periods beginning on or after January 1, 2017); and
- IFRS 16 – Leases (annual reporting periods beginning on or after January 1, 2019)

It is not anticipated that the application of these new standards will have a significant impact on the Fund's financial statements in the period of application.

(m) Standards, interpretations and amendments to existing standards effective for the current year

During the year, certain new standards, interpretations and amendments to the existing standards became effective. Management has assessed that these new standards, interpretations and amendments to the existing standards, where relevant, did not have any significant impact on the preparation of these financial statements.

3. Financial Risk Management

The SRLF's activities expose it to a variety of financial risks including the effects of credit risk, liquidity risk and interest rate risk.

Risk management assessments are carried out by the SRLF's management team under the direction of the Management Committee through review of the SRLF's performance and its investment and loan disbursements, internal procedures, policies and practices.

Capital management

The SRLF's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide financial assistance to eligible Barbadians as mandated in its governing Act.

The SRLF is not subject to any externally imposed capital requirements.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises primarily on the loans disbursed to borrowers. Credit risk also arises from cash and cash equivalents, government securities and deposits with banks and financial institutions.

The SRLF employs a range of policies and practices to mitigate credit risk relating to its loan portfolio. Each loan application is first reviewed and rated by a loans officer before being presented to the Management Committee for approval. In addition, based on the amount of the loan disbursed by the SRLF, suitable sureties and or collateral is required of the loan applicant. The principal collateral types for loans within the SRLF are:

- Mortgages over residential properties
- Charges over financial instruments such as debt securities and equities

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Credit risk ... continued

The SRLF evaluates the financial institutions with which it places cash and cash equivalents. Only reputable financial institutions with high credit ratings are considered.

The maximum credit risk exposure is as follows:

| | <u>2016</u> | <u>2015</u> |
|---|----------------------|-------------------|
| Cash and cash equivalents | \$ 8,917,320 | 20,438,310 |
| Investments | 12,470,239 | 10,554,975 |
| Staff loans | 125,302 | 225,797 |
| Receivables | 322,342 | 282,348 |
| Insurance receivables (net of allowance) | 562,839 | 599,726 |
| Student loans receivable (net of allowance) (i) | <u>67,709,395</u> | <u>56,867,358</u> |
| | <u>\$ 90,107,437</u> | <u>88,968,514</u> |

As at March 31, 2016, the SRLF holds \$12,470,239 (2015: \$10,554,975) in Government of Barbados debt securities representing 100% (2015: 100%) of the SRLF's total investment portfolio.

(i) The above balance of student loans receivable (net of allowance) represents the maximum credit risk exposure of the SRLF as of March 31, 2016 and 2015, without taking account of any collateral held or other credit enhancements attached.

Credit quality of student loan receivable

As at March 31, 2016, the aging analysis of gross student loans receivable is as follows:

| | Total | Neither Past Due Not Impaired | Past Due and Impaired | | | |
|------|----------------|-------------------------------------|------------------------|--------------------|-----------------|-----------------|
| | | | Current to 180 Days | 181 to 365 Days | 1 to 2 Years | Over 2 Years |
| 2016 | \$ 103,646,774 | 55,113,441 | 13,405,131 | 5,720,969 | 5,498,733 | 23,908,500 |
| 2015 | 92,517,577 | 48,879,009 | 10,977,582 | 4,553,177 | 4,575,694 | 23,532,115 |
| 2014 | 85,054,856 | 42,905,906 | 10,985,561 | 3,610,795 | 4,395,737 | 23,156,857 |
| 2013 | 81,712,843 | 41,059,467 | 9,588,121 | 3,619,727 | 4,662,620 | 22,782,908 |
| 2012 | 78,973,084 | 36,173,088 | 10,813,483 | 4,239,820 | 5,287,537 | 22,459,156 |

Liquidity risk

Liquidity risk is the risk that the SRLF does not have sufficient financial resources available to meet its obligations and commitments as they fall due. Liquidity management is therefore primarily designed to ensure that funding requirements can be met, including the replacement of existing funds as they are disbursed to borrowers and creditors.

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

3. Financial risk management ...continued

Liquidity risk ...continued

The SRLF's liquidity management process includes:

- a) Monitoring future cashflows and liquidity on a monthly basis;
- b) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption of cash flow; and
- c) Optimising cash returns on investment.

As at date of the Statement of Financial Position, the Fund's liabilities related only to accounts payable and accrued liabilities of \$526,627 (2015: \$532,886). As at the similar date the Company had \$8,917,320 (2015: \$20,438,310) in unrestricted cash and cash equivalents.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The SRLF's income and operating cash flows are substantially dependent on interest rates as the SRLF has significant interest-bearing assets. However, the rates to which the SRLF is subject are fixed and consequently, it is not exposed to any significant interest rate risks.

Fair value

Except for student loans receivable, the carrying values of the SRLF's financial assets and liabilities in the Statement of Financial Position approximate their fair values.

There is currently no active market for the loans receivable held by the Fund. In addition, the Fund has approximately 328 loans with a carrying value of \$17.13 million that have reached maturity and for which new repayment terms have not been negotiated with the borrowers. It is therefore impracticable to determine the fair value of the student loans receivable portfolio.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

4. Cash and Cash Equivalents

| | | <u>2016</u> | <u>201</u> |
|--------------|----|------------------|-------------------|
| Cash in hand | \$ | 5,212 | 5,988 |
| Cash at bank | | <u>8,912,108</u> | <u>20,432,322</u> |
| | \$ | <u>8,917,320</u> | <u>20,438,310</u> |

5. Investments

| 2016 | <u>Remaining term to contractual maturity</u> | | | <u>Total</u> | <u>APR</u> |
|----------------|---|-------------------------|-------------------------|-------------------|-------------|
| | <u>Within 1 Year</u> | <u>1 to 5 Years</u> | <u>Over 5 Years</u> | | |
| Term deposits | \$ - | - | - | - | |
| Treasury bills | <u>2,470,239</u> | <u>10,000,000</u> | <u>-</u> | <u>12,470,239</u> | 3.51%&6.25% |
| | \$ <u>2,470,239</u> | <u>10,000,000</u> | <u>-</u> | <u>12,470,239</u> | |

| 2015 | <u>Remaining term to contractual maturity</u> | | | <u>Total</u> | <u>APR</u> |
|----------------|---|-------------------------|-------------------------|-------------------|------------|
| | <u>Within 1 Year</u> | <u>1 to 5 Years</u> | <u>Over 5 Years</u> | | |
| Term deposits | \$ - | - | - | - | |
| Treasury bills | <u>554,975</u> | <u>10,000,000</u> | <u>-</u> | <u>10,554,975</u> | 6.25% |
| | \$ <u>554,975</u> | <u>10,000,000</u> | <u>-</u> | <u>10,554,975</u> | |

Accrued interest on the treasury note and treasury bills for the year ended March 31, 2016 amounted to \$288,915 (2015: \$261,131).

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

6. Receivables and Prepaid Insurance

| | <u>2016</u> | <u>2015</u> |
|-------------------|-------------------|----------------|
| Other receivables | \$ 322,342 | 282,348 |
| Prepaid expenses | <u>11,913</u> | <u>9,047</u> |
| | <u>\$ 334,255</u> | <u>291,395</u> |

7. Insurance Receivable

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|-------------------|------------------|
| Insurance receivable, gross | \$ 908,259 | 912,269 |
| Allowance for uncollectible insurance | <u>(345,420)</u> | <u>(312,543)</u> |
| Insurance receivable, net | <u>\$ 562,839</u> | <u>599,726</u> |

The change in the allowance for uncollectible insurance is as follows:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-----------------|
| Balance – beginning of year | \$ 312,543 | 337,553 |
| Write-offs against the provision | (3,731) | (51) |
| Add: increase (decrease) during the year | <u>36,608</u> | <u>(24,959)</u> |
| Balance – end of year | <u>\$ 345,420</u> | <u>312,543</u> |

8. Student Loans Receivable

| | <u>2016</u> | <u>2015</u> |
|---------------------------------|----------------------|---------------------|
| Student loans receivable, gross | \$ 103,646,774 | 92,517,577 |
| Allowance for loan losses | <u>(35,937,379)</u> | <u>(35,650,219)</u> |
| Student loans receivable, net | <u>\$ 67,709,395</u> | <u>56,867,358</u> |

The balance of student loans receivable of \$103,646,774 (2015: \$92,517,577) includes principal and interest receivable.

Interest on loans classified as loans of doubtful value (LDV) is recognised only to the extent that cash is received. Unpaid interest on LDV is recorded in an interest receivable account and is offset by a deferred income contra account to net to zero. When cash is received for outstanding interest on LDV the interest receivable and deferred income balances are derecognised and the interest income recorded through the Statement of Comprehensive Income. As at the date of the Statement of financial position, the balance in the deferred income account exceeded the balance in the interest receivable account due to interest receivable capitalised in a prior period.

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

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(Expressed in Barbados dollars)

8. Student Loans Receivable ...continued

The change in the student loans receivable, net is derived as follows:

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|----------------------|---------------------|
| Disbursements | \$ 18,968,646 | 14,886,274 |
| Interest | <u>3,621,207</u> | <u>3,680,391</u> |
| | 22,589,853 | 18,566,665 |
| Deduct: | | |
| Write-offs | (860,847) | (749,505) |
| Repayments | <u>(10,599,809)</u> | <u>(10,354,439)</u> |
| Gross loans receivable | 11,129,197 | 7,462,721 |
| Increase in allowance for loan losses | <u>(287,160)</u> | <u>(394,478)</u> |
| Increase in student loans receivable | \$ <u>10,842,037</u> | <u>7,068,243</u> |

The change in the allowance for loan losses is as follows:

| | <u>2016</u> | <u>2015</u> |
|-------------------------------------|----------------------|-------------------|
| Balance – beginning of year | \$ 35,650,219 | 35,255,741 |
| Increase (decrease) during the year | <u>287,160</u> | <u>394,478</u> |
| Balance – end of year | \$ <u>35,937,379</u> | <u>35,650,219</u> |

9. Commitments

As at March 31, 2016, loans approved but not yet disbursed amounted to \$ 23,038,452 (2015 - \$19,396,285).

STUDENT REVOLVING LOAN FUND

Notes to Financial Statements

March 31, 2016

(Expressed in Barbados dollars)

| 10. Plant and Equipment | Furniture and Fittings | Motor Vehicles | Computer Equipment | Leasehold Improvement | Total |
|---------------------------------|------------------------|----------------|--------------------|-----------------------|-----------|
| Cost | | | | | |
| Balance at March 31, 2014 | 433,958 | 42,608 | 419,815 | 356,332 | 1,252,713 |
| Additions | 12,105 | - | 17,658 | - | 29,763 |
| Disposals | (31,265) | - | - | - | (31,265) |
| Balance at March 31, 2015 | 414,798 | 42,608 | 437,473 | 356,332 | 1,251,211 |
| Additions | 13,531 | - | 44,822 | - | 58,353 |
| Disposals | - | - | - | - | - |
| Balance at March 31, 2016 | 428,329 | 42,608 | 482,295 | 356,332 | 1,309,564 |
| Accumulated Depreciation | | | | | |
| Balance at March 31, 2014 | 288,483 | 25,209 | 333,087 | 123,784 | 770,563 |
| Charge for the year | 46,591 | 4,261 | 40,937 | 31,239 | 123,028 |
| Reclassification | (31,038) | - | - | - | (31,038) |
| Balance at March 31, 2015 | 304,036 | 29,470 | 374,024 | 155,023 | 862,553 |
| Charge for the year | 48,540 | 4,261 | 34,232 | 31,239 | 118,272 |
| Disposals | - | - | - | - | - |
| Balance at March 31, 2016 | 352,576 | 33,731 | 408,256 | 186,262 | 980,825 |
| Net Book Value | | | | | |
| Balance at March 31, 2015 | \$ 110,762 | 13,138 | 63,449 | 201,309 | 388,658 |
| Balance at March 31, 2016 | \$ 75,753 | 8,877 | 74,039 | 170,070 | 328,739 |

