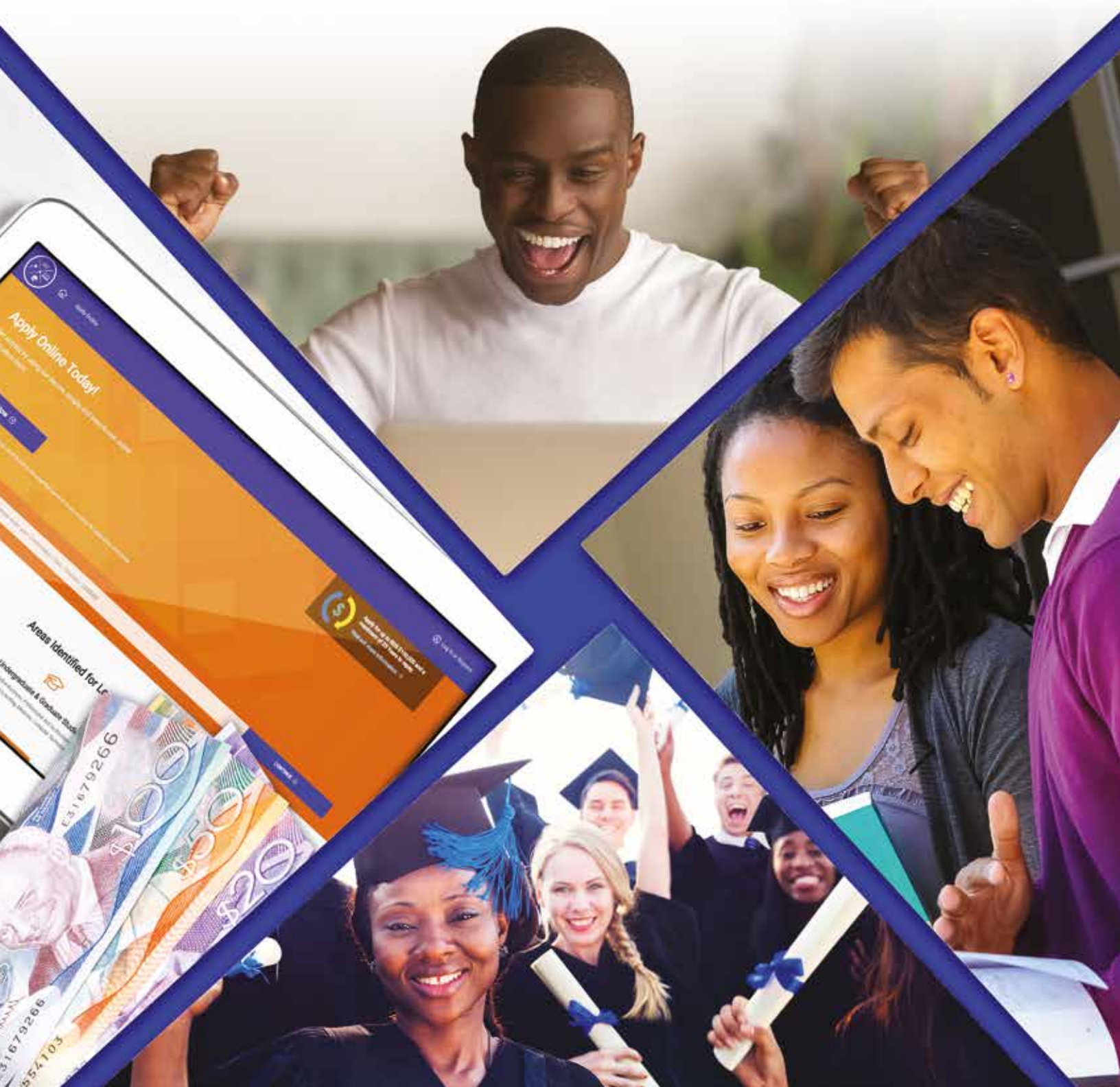




# 2019-2020 Annual Report

FINANCIAL ACCESSIBILITY









# Letter of Transmittal

July 14, 2020.

Hon. Miss Santia J. O. Bradshaw, M.P.  
Minister of Education, Technological and Vocational Training  
“Elsie Payne Complex”  
Constitution Road  
ST. MICHAEL.

Dear Madam,

I have the honour of submitting for your consideration, the Annual Report of the Student Revolving Loan Fund for the year ending March 31, 2020, in accordance with the provisions of Sections 9 of The Student Revolving Loan Fund Act.

Yours faithfully,  
STUDENT REVOLVING LOAN FUND MANAGEMENT COMMITTEE

**Mrs. Betty Alleyne-Headley**  
Chairman

# Mission Statement

To provide loans to Barbadians for tertiary education on attractive terms, in an efficient and caring manner thereby contributing to the development of the nation's human capital.

# Vision

To be the preferred financial institution in Barbados for tertiary education finance.

# 5 Core Values A·R·I·S·E



# Values:

We build trust when we stand by our Core Values. We will:

- Be Accountable
- Respect Others
- Act With Integrity
- Work Collaboratively With Synergy
- Provide Effective Communication.



# Contents

## Table

Letter of Transmittal	i
Mission, Vision & Core Values	ii
Corporate Profile	2
Student Testimonials	6
Chairman's Message	10
Manager's Report	14
Five Year Financial Summary	21
Assets Distribution Chart	22
Total Asset Growth Chart	23
Sources of Income Chart	24
Independent Auditor's Report	26
Financial Statements	29
Student Testimonials	53



# Corporate Profile





# Meet The Team

## MANAGEMENT COMMITTEE



**Mrs. Betty  
ALLEYNE-HEADLEY**

**Chairman**  
Student Revolving  
Loan Fund

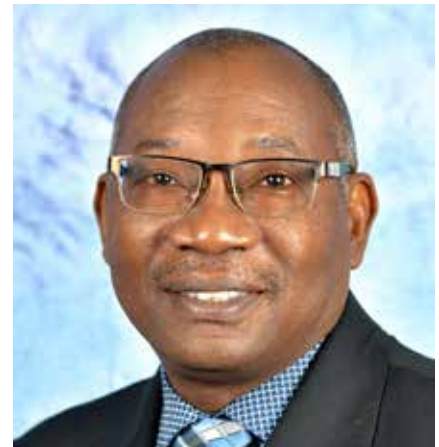
**Permanent  
Secretary (ag.)**  
Ministry of Education,  
Technological &  
Vocational Training



**Mrs. Joy  
ADAMSON**

**Deputy Chairman**  
Student Revolving  
Loan Fund

**Chief Education  
Officer (ag.)**  
Ministry of Education,  
Technological &  
Vocational Training



**Mr. David  
BOWEN**

**Committee Member**  
Student Revolving  
Loan Fund

**Retired Banker**





**Mr. Rommel  
CARTER**

**Committee Member**  
Student Revolving  
Loan Fund

**Director of  
Human Resources**  
University of The  
West Indies, Cave Hill  
Bridgetown



**Ms. Jewel  
GARNER**

**Committee Member**  
Student Revolving  
Loan Fund

**Attorney-at-Law**



**Dr. Sonia  
GREENIDGE-FRANKLYN**

**Committee Member**  
Student Revolving  
Loan Fund

**Executive Director**  
Barbados Institute of  
Management & Productivity  
(BIMAP)



**Mrs. Cheryl  
ROGERS**

**Committee Member**  
Student Revolving  
Loan Fund

**Chief Accountant**  
Ministry of Finance, Economic Affairs & Investment



# Student Testimonials







# What Loan Recipients Have To Say

1



## MELANIE S. BÜGE Occupational Therapy

The Student Revolving Loan Fund (SRLF) enabled me to take advantage

of an incredible opportunity to attend University in the UK at a pivotal time. The application process was straight forward and there were no hidden or extra fees. The SRLF met all their obligations in a timely manner which resulted in a stress-free university experience and my loans officer was extremely helpful and supportive on my return home. I would recommend this service to anyone seeking to pursue studies locally or abroad, since it provides students with an opportunity to secure employment before loan repayment is required. I am grateful to have been a recipient of a student loan from the SRLF and will definitely pursue this option when it is time for my daughter to attend university.

2



## RAMON JULES Mechanical Engineering

My name is Ramon Jules and I approached the Student Revolving Loan Fund (SRLF) in March 2000 to assist me with payment of fees which would allow me to enroll in a Bachelor of Science degree program in Mechanical Engineering at the University of the West Indies, St. Augustine campus

in Trinidad later that year. My SRLF application was approved and I was able to use the funds provided to successfully complete my degree.

After returning to Barbados in May 2003, I was employed by the Barbados Light & Power Company as a Mechanical Engineer where I have since contributed to the safe and reliable delivery of electricity to our customers. The successful completion of my degree has helped me to add to the further growth and development of this country by contributing to a sustainable electricity service. It has also allowed me to quickly repay my loan to the SRLF and ultimately contribute to the future growth and development of my fellow citizens who may be desirous of utilizing the SRLF to advance their academic pursuits.

3



### **CHRISTIAN MARK** Commercial Air Diver

My job has taken me all over the world to various depths (quite literally) of the world and this whole journey began with a

student loan from SRLF in 2009. Let me explain; my name is Christian Mark and I am a Commercial Diver. For my job, I live in a chamber for 28 days at a time, pressurized to the seabed depth where I go out and work for 8-hour shifts, doing subsea construction. I love my job, and as a young 19-year-old kid, I knew what I wanted to do, but did not have the financial means to get me there. That is where the SRLF came in. I was approved for a student loan and I put it to good use. I am still working in the same career, travelling 6 months a year and earning a living by doing something I really enjoy. Thanks to the team at the SRLF for giving me the leg-up I needed. It is because institutions like this take a chance on young dreamers that I get to do what I do.

4



**ERROL MAYNARD**  
Protection  
Management

My name is Errol V. Maynard. In 2007 I applied to the Student Revolving Loan Fund for a student loan to assist me in meeting my financial obligations as I pursued studies in a Masters Program in Protection Management at the John Jay College of Criminal Justice. The process of obtaining the loan was seamless, and my funds were disbursed in a timely and efficient manner. The interest fees at the SRLF are affordable, and the re-payment process is easy. I would therefore recommend the SRLF to anyone seeking to obtain funds to assist with their pursuit of academic excellence.

5



**MEZANNE SOBERS**  
Funeral Services

When I first started the process of applying to schools overseas to complete my degree in Funeral Services, I also had to decide where I would apply for my student

loan. Based on my research, I approached the Student Revolving Loan Fund (SRLF) because they offered the best rates and a comfortable, affordable repayment plan. The loan approval process was smooth and seamless and the loans officer who handled my application was very pleasant. Though not familiar with my chosen field of study, she was intrigued after learning about it through her own research. My overall experience with the SRLF was a great one as everything that I needed to know was discussed during my meeting, and gratefully there were no hidden fees or additional conditions regarding the loan or repayment plan. I greatly appreciate the online portal facility where one can view all the details regarding their loan as well as make online payments. I highly recommend the Student Revolving Loan Fund for your borrowing needs.





# Message From The Chairman

It is with great pleasure that I assumed chairmanship of the Student Revolving Loan Fund Management Committee during the second half of the recently concluded financial year. Although impacted by COVID-19 during the latter part of the year, the Committee remained steadfast in seeking to execute **Government's** policy with respect to the funding of Barbadians in their pursuit of higher education.



The members of the Committee, drawn from diverse backgrounds and with varying skill sets, always seek to undertake this responsibility with the highest degree of care and professionalism. The members are fully aware of the impact the decision-making process can have on the lives of Barbadians who seek financing from the Student Revolving Loan Fund (SRLF).

Challenges notwithstanding, the Committee in past years has always ensured that the SRLF remained on a sound footing to fulfill its mandate. The present members of the Committee have hence continued in that long tradition of prudent oversight of the affairs of the SRLF. As a result, a surplus has been generated for the financial year 2019/20, as other key financial indicators remained positive. The SRLF has become a truly revolving entity which enables the funding of its operational expenses, as well as new loan approvals from its own resources. It is the objective of the Committee to maintain the SRLF as a fully self-sustaining entity, well positioned to meet the demands from Barbadians for funding to pursue their academic goals.

The SRLF has been in existence for approximately forty-three (43) years and without a doubt, its success could not have been achieved without the hard work and dedication of the management and staff. It is anticipated that the SRLF in its pursuit, will seek to build on the performance of the recently concluded financial year as it continues to navigate the challenges of the COVID-19 pandemic.

As the SRLF continues to look to the future, it will position itself to meet any current and immediate challenges. However, it is anticipated that it will be further strengthened in the near future as a result of an Organisational Review currently being undertaken by a consultant. The recommendations emanating from the completed organizational review once implemented should bolster the SRLF to meet any further challenges.

To stay relevant, the SRLF will have to make changes to the legislative framework, continue to improve its processes, introduce new products, improve its corporate governance structure, continue to leverage the use of information technology and strengthened its engagement with its employees and customers.

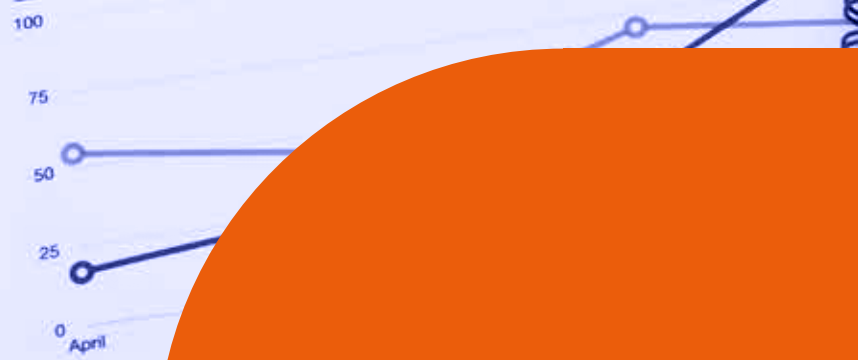
I wish to extend my deep appreciation to my fellow Committee Members, the management and staff of the SRLF, our customers, and to all other stakeholders for their unwavering support.



**Mrs. Betty Alleyne-Headley**  
Chairman  
SRLF Management Committee  
July 9, 2020.



# Year In Review



DATE	
4/1/14	
4/3/14	
4/10/14	
4/12/14	
4/14/14	
4/16/14	30m
4/18/14	30m
4/21/14	30m 2
4/23/14	30m 0s
4/25/14	30m 0s

# Data Financials



# Manager's Report



## INTRODUCTION

The year ended March 31, 2020 for the most part was a solid year for the Student Revolving Loan Fund (SRLF). After suffering two consecutive years of losses as a direct result of the implementation of the debt restructuring component of the Barbados Economic Recovery & Transformation (BERT) program, the SRLF was determined to return to profitability. However, ever conscious of its social role as a Government owned entity, the SRLF was cognizant that increases in interest rates and fees were not viable options in its attempt at restoring profitability. The SRLF therefore embarked on a strategy of improving operational efficiencies and customer relationship building to ensure its sustainability.

## FINANCIAL PERFORMANCE

The SRLF's total income increased by \$3.8M or 73% over the previous year. Interest income on loans increased by \$2.5M or 57% and interest on investments increased by \$1.1M or 160% when compared to the previous year. These two sources of revenue were the main contributors to the significant increase in total income. The phenomenal growth in income is as a result of the SRLF collecting on older chronically delinquent loans that were previously written off. In addition, its expanding investment portfolio allowed the SRLF to grow its income from investments. With total income up significantly when compared to the previous year and a \$2.3M or 49%



reduction in expenses, this translated in net profit of \$6.6M for the year under review.

As a result of its improved collection efforts, loan receipts increased for the year by 18% or \$2.8M over the previous year. Total receipts reached a record high of \$18.2M at the end of March 31, 2020. This growth in receipts has enabled the SRLF to continue to be self-sufficient in covering its operating expenses and providing funds for new loans thereby not having to rely on Government for any subvention. In addition, the SRLF has been able to expand its investments portfolio moving it from \$22M in the previous year to \$36M as at March 31, 2020.

At the end of the financial year total assets increased to \$108M up from \$101M in the previous year. This increase was achieved despite a reduction of \$4M in the Student Loans Receivable asset. The reduction was buffered by a \$14M increase in the investment portfolio. Student Loans Receivable makes up \$67M or 62% of the SRLF's total assets. The decline in the loan portfolio is directly related to (i) the change in Government's policy with respect to the payment of tuition fees for Barbadians attending the University of the West Indies and (ii) The strategy of the SRLF to concentrate on collections in an effort to consolidate its position. However, from financial year 2020/21 the SRLF will be focusing on growing its loan portfolio.

The SRLF has returned a solid financial performance for financial year 2019/20, the Management Committee and the Team at the SRLF intends to build on this performance to propel the SRLF further into the future.

## LOANS & DELINQUENCY

Successive Governments of Barbados have generally maintained a policy of providing free education up to tertiary level for its citizens. Given this reality, the opportunity to fund persons pursuing tertiary studies locally is somewhat limited. The SRLF has traditionally lent to a greater number of persons studying regionally and internationally and with the advent of online learning has expanded its loan offering into this area also. For the financial year 2019/20 the SRLF saw a decline in loan approvals moving

from \$9.3M from the previous year to \$6.8M in financial year 2019/20. The SRLF has initiated strategies to mitigate this declining trend in loan approvals. However, with COVID-19 starting to have a negative impact from the final quarter of the financial year under review and expected to continue throughout financial 2020/21 the SRLF is optimistic of maintaining loan approvals at the same level of the financial year 2019/20.

Student loans by their nature are inherently riskier than the average loan offered by the traditional financial institutions. As a result, delinquency is high among student lending agencies worldwide. Notwithstanding this reality, efforts can be undertaken to minimize loss by way of delinquency. The average delinquency rate internationally for student loans is 12%, the SRLF's delinquency rate as at March 31, 2020 was 17%. While this is an improvement from 27% in recent years, the goal of the SRLF is to reduce its delinquent loans to less than 10% by March 2022.

## GENERAL OPERATIONS

The SRLF is made up of the following individual Units:

- i. Accounts
- ii. Administration
- iii. Collections
- iv. Information Technology
- v. Legal
- vi. Loans

## ACCOUNTS:

Prudent management dictates that to be successful an organization must keep adequate and timely accounting information. The Accounts Unit is tasked with the following responsibilities: 1. ensuring that the SRLF's financial records are current; 2. that all submissions to Government and other agencies are done in a timely manner; 3. to ensure the audits of the SRLF are up-to-date; and 4. to ensure the monthly submissions of management accounts to the Ministry of Finance, Economic Affairs &

Investment are done on time each month.

The Management Committee is also presented with financials at their monthly meetings. It should be noted that the audited financials are qualified because of the non-implementation of the IFRS9 which went into effect in January 2018. The SRLF will be moving to rectify this matter in time for the audit at the end of financial year 2020/21.

### **ADMINISTRATION:**

In addition to being on the frontline of customer service through its first contact roles, the Unit acts as a central support to the organization's other operational areas and is pivotal in promoting the efficiency of the SRLF's communication and administrative processes. The Unit is also responsible for Human Resource administration to ensure that the SRLF is an employer of choice. The Unit made a significant contribution to the automation of processes; customer service delivery; improved governance; and recruitment & training.

### **COLLECTIONS:**

This Unit is at the forefront of the collection efforts of the SRLF and has played a pivotal role in reducing delinquency by contributing to the increased receipts. The Unit continues to build relationships with borrowers in its efforts to encourage them to service their loans regularly.

### **INFORMATION TECHNOLOGY:**

The SRLF has taken a strategic decision to leverage the use of information technology to improve its operations and service delivery. It migrated most of its paper-based records to a digital environment since 2012 and has subsequently implemented several IT solutions aimed at increasing efficiency. During the recently concluded financial year the SRLF upgraded its network infrastructure which positioned it to make a smooth transition to work remotely during the COVID-19 pandemic.

## LEGAL:

The Unit ensures that the SRLF complies with all legal and regulatory requirements in its daily operations. The Legal Officers advise the Committee and Administrative Management on matters arising and represent the SRLF's interest in Court. The Legal Officers also facilitate execution of Loan Agreements, securing of loans by way of legal mortgage, and collections. Some key initiatives achieved by the Unit during the year under review are significantly enhancing the collections procedures, developing new policies, and strengthening existing ones as well as contributing significantly to the SRLF's collection efforts.

## LOANS:

The Loans Unit is central to the main activity of the SRLF and is charged with guiding applicants through their studies by ensuring appropriate funds are available and providing sound advice. The Unit also oversees the marketing and educational thrust of the SRLF and strives to build lasting relationships with borrowers.

## FUTURE

The COVID-19 pandemic clearly demonstrated the need for organizations to be flexible, future looking and nimble in implementing change. The SRLF will endeavour to build on its experience of operating successfully in the ongoing pandemic. It will strive to position itself to engage its customers more fully with the objective of providing a better customer experience.

It is imperative that the SRLF continues to review its processes to ensure that they are relevant to a rapidly changing and demanding educational landscape. The SRLF will continue to be proactive in its collection efforts as it strives to reduce its delinquency and ensure that funds are always available to lend to Barbadians who wish to pursue their academic dreams. The SRLF has already embarked on strategies to maintain its collection efforts inclusive of engaging international collection agencies to pursue



borrowers living overseas.

With a greater number of Barbadians expected to take advantage of educational opportunities to retool themselves or sharpen their skills. The SRLF stands ready and capable to invest in Barbadians by providing the necessary financial advice and support to allow them to fulfill their academic aspirations.

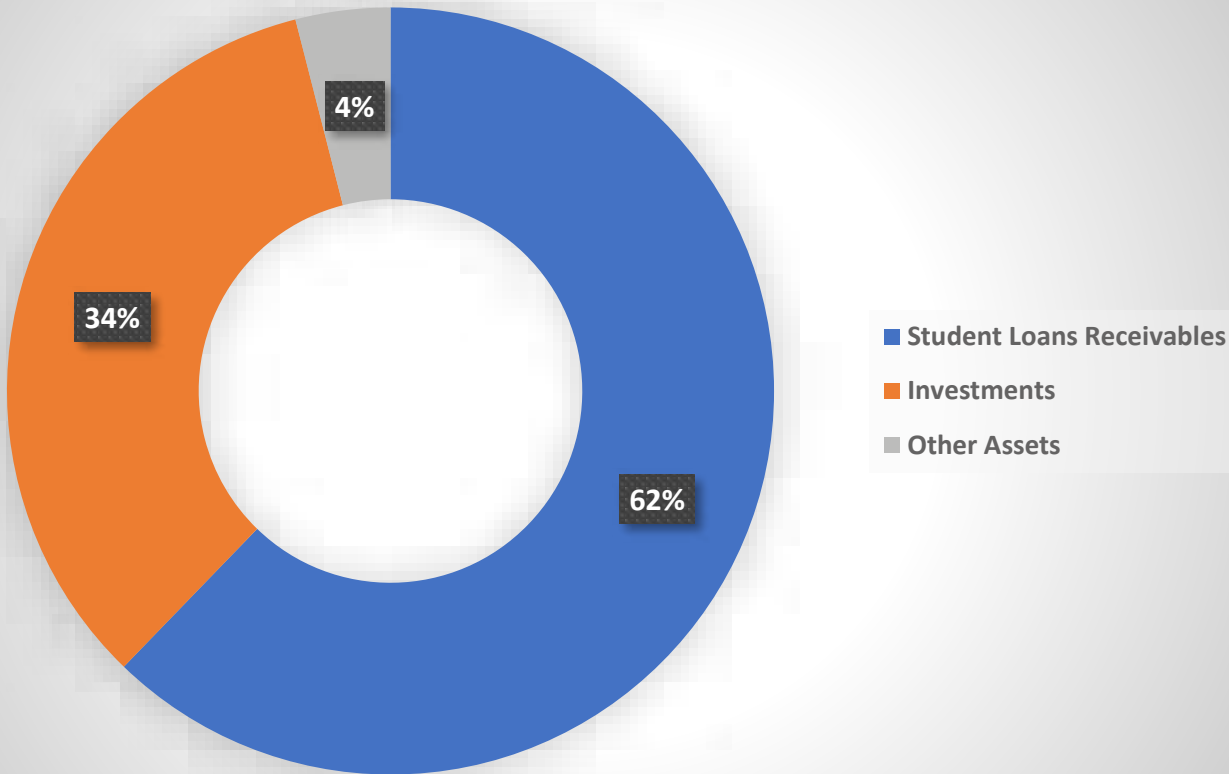


**Mr. Ambrose O'B Johnson**  
Administrative Manager (ag)  
SRLF Management Committee  
July 9, 2020.

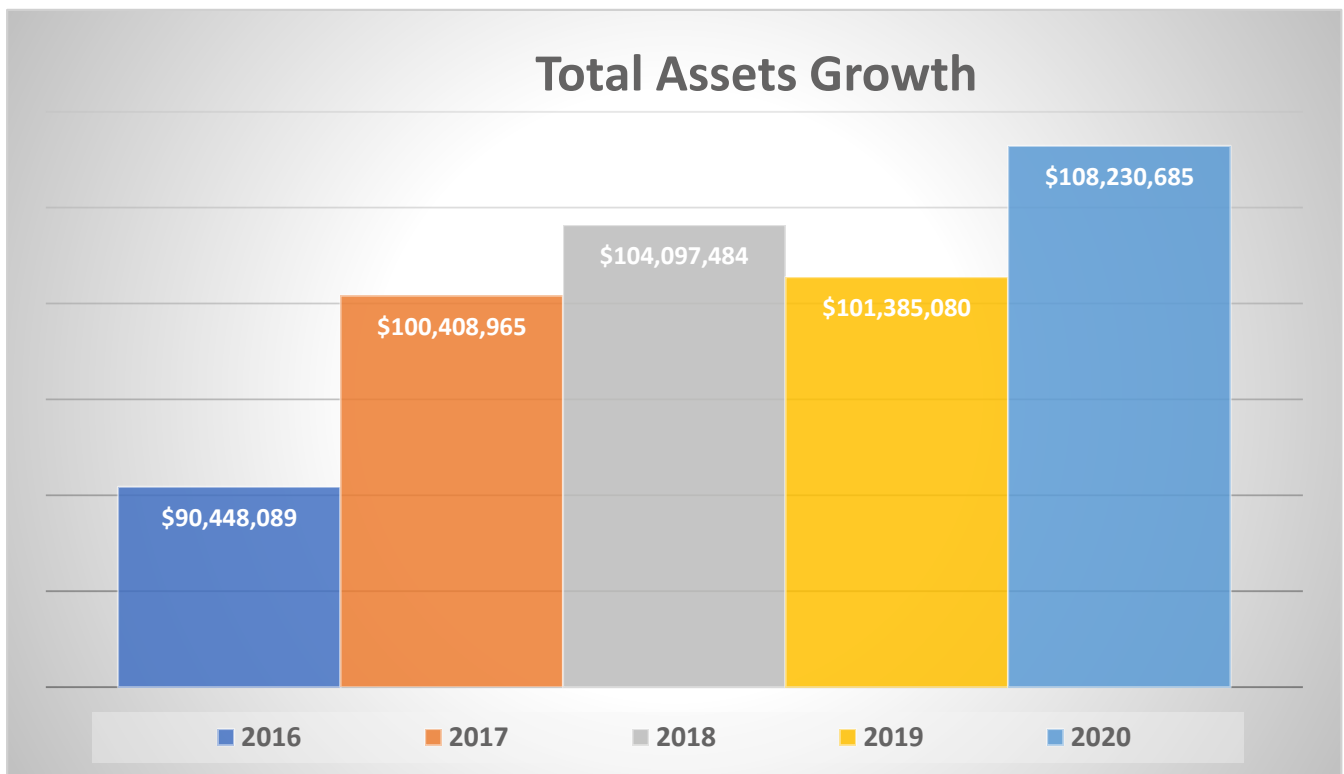
# Five Year Financial Summary

<b>BALANCE SHEET - (\$000s)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>					
Student Loans	67,356	71,193	75,702	75,436	67,709
Investments	36,558	22,227	18,480	13,499	12,470
Other Assets	4,317	7,965	9,915	11,474	10,269
<b>Total Assets</b>	<b>108,231</b>	<b>101,385</b>	<b>104,097</b>	<b>100,409</b>	<b>90,448</b>
<b>LIABILITIES &amp; FUNDS</b>					
Liabilities	7,057	6,763	6,565	497	527
Funds	101,174	94,622	97,532	99,912	89,921
<b>Total Liabilities &amp; Funds</b>	<b>108,231</b>	<b>101,385</b>	<b>104,097</b>	<b>100,409</b>	<b>90,448</b>
<b>INCOME STATEMENT</b>					
<b>INCOME</b>					
Interest -Student Loans	6,806	4,336	4,051	4,829	3,621
Income- Investments	1,704	656	785	709	702
Other Income	465	195	176	5,249	243
<b>Total Income</b>	<b>8,975</b>	<b>5,187</b>	<b>5,012</b>	<b>10,787</b>	<b>4,566</b>
<b>EXPENDITURE</b>					
Administrative & General	1,494	2,976	2,608	2,107	2,496
Bad debt expense	817	1,705	666	1,411	864
Depreciation	113	90	90	101	118
<b>Total Expenses</b>	<b>2,424</b>	<b>4,771</b>	<b>3,364</b>	<b>797</b>	<b>3,478</b>
Decrease in value of investments due to Government Restructuring	-	3,327	-	4,027	
<b>NET INCOME FOR YEAR</b>	<b>6,551</b>	<b>- 2,911</b>	<b>- 2,379</b>	<b>9,990</b>	<b>1,088</b>

# Assets Distribution

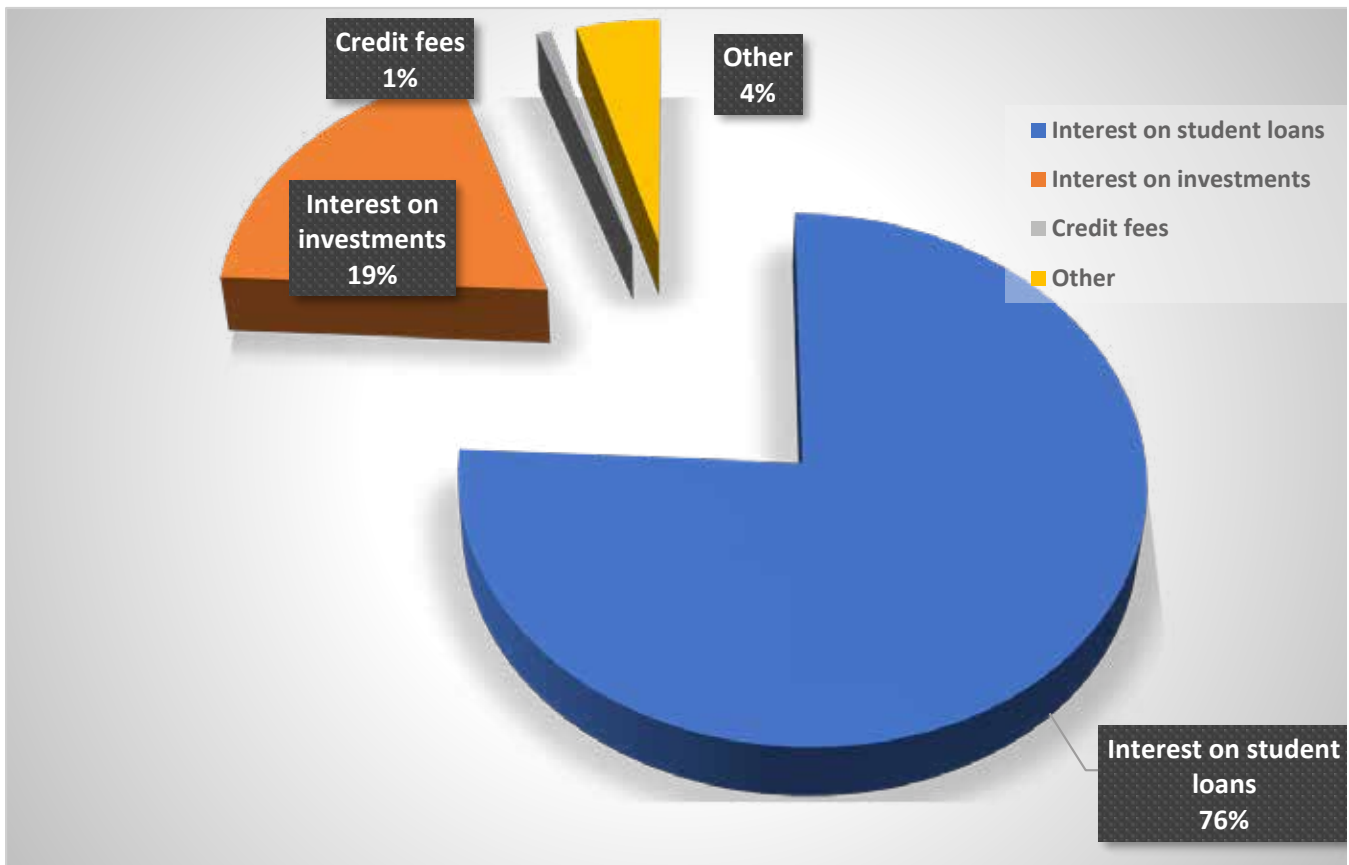


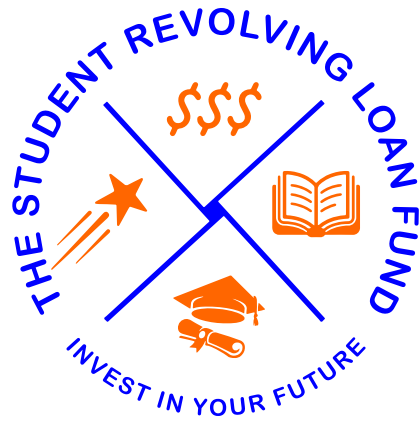
# Total Assets Growth Chart





# Sources of Income Chart





# Financial Statements of

**THE STUDENT REVOLVING LOAN FUND**

**March 31, 2020**



# Contents

## List

<b>Independent Auditors' Report</b>
<b>Statement of Financial Position</b>
<b>Statement of Changes in Funds</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>
<b>Statement of Cash Flows</b>
<b>Notes to the Financial Statements</b>





**KPMG**

Hastings  
Christ Church, BB 15154  
Barbados West Indies  
Telephone: (246) 434-3900  
Fax: (246) 427-7123

P. O. Box 690C  
Bridgetown, Barbados

**INDEPENDENT AUDITORS' REPORT**

**To the Management Committee of Student Revolving Loan Fund**

**Report on the Audit of the Financial Statements**

***Qualified Opinion***

We have audited the financial statements of Student Revolving Loan Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2020, the statements of changes in funds, profit or loss and other comprehensive income, and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

***Basis for Qualified Opinion***

As described in Note 2(i) to the financial statements, the Fund has not implemented the expected credit loss requirements of IFRS 9 – Financial Instruments in the current or previous year. Consequently, we are unable to determine whether any adjustments might have been necessary or are necessary to adjust the allowance for expected credit losses on students loans receivable, insurance receivable and comprehensive income for the years ended March 31 2020 and March 31, 2019, as well as to the carrying value of student loans receivables, insurance receivable and general fund as at March 31, 2019 and March 31, 2020 respectively.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Management Committee of Student Revolving Loan Fund (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Basis for Qualified Opinion (continued)***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to Note 14 to the financial statements, which describes the effects of the COVID-19 pandemic on the Fund. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### ***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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.



**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Management Committee of Student Revolving Loan Fund (continued)**

**Report on the Audit of the Financial Statements (continued)**

***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditors' responsibilities for the audit of the financial statements is located at the Institute of Chartered Accountants of Barbados' website at: <http://www.icab.bb/about-icab/auditing>. This description forms part of our auditors' report.

***Other Matter***

This report is made solely to the Student Revolving Loan Fund Management Committee, as a body, in accordance with the Student Revolving Fund Loan Act Cap 54A, Section 9(1). Our audit work has been undertaken so that we might state to the Fund's management committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's management committee as a body, for our audit work, for this report, or for the opinion we have formed.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

Chartered Accountants  
Bridgetown, Barbados  
July 14, 2020

## Student Revolving Loan Fund

Statement of Financial Position

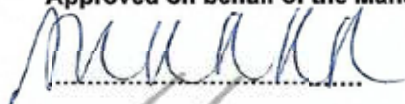
As at March 31, 2020  
With comparative figures for 2019

(Expressed in Barbados dollars)

	Notes	2020	2019
<b>Assets</b>			
Cash and cash equivalents	4	\$ 3,068,989	6,816,359
Investments	5, 13	36,558,002	22,227,071
Receivables and prepaid expenses	6	206,927	192,183
Staff loans		57,881	83,424
Insurance receivable	7	494,841	585,249
Student loans receivable	8	67,355,514	71,192,501
Plant and equipment	12	<u>488,531</u>	<u>288,293</u>
<b>Total Assets</b>		<b>\$ <u>108,230,685</u></b>	<b><u>101,385,080</u></b>
<b>Liabilities and Funds</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses		\$ 1,057,232	762,832
Advances from the Government of Barbados	10	<u>6,000,000</u>	<u>6,000,000</u>
<b>Total liabilities</b>		<u>7,057,232</u>	<u>6,762,832</u>
<b>Funds</b>			
Contribution		58,343,698	58,343,698
General fund		<u>42,829,755</u>	<u>36,278,550</u>
<b>Total funds</b>		<u>101,173,453</u>	<u>94,622,248</u>
Commitments	9	-	-
<b>Total Liabilities and Funds</b>		<b>\$ <u>108,230,685</u></b>	<b><u>101,385,080</u></b>

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

Approved on behalf of the Management Committee on July 14, 2020



Chairman



Administrative Manager



**Student Revolving Loan Fund**

## Statement of Changes in Funds

For the year ended March 31, 2020  
With comparative figures for 2019

*(Expressed in Barbados dollars)*

		Contribution - Government of Barbados	General Fund	<u>Total</u>
Balance at April 1, 2018	\$	58,343,698	39,189,231	97,532,929
Comprehensive income		<u>-</u>	<u>(2,910,681)</u>	<u>(2,910,681)</u>
Balance at March 31, 2019	\$	<u>58,343,698</u>	<u>36,278,550</u>	<u>94,622,248</u>
Balance at April 1, 2019	\$	58,343,698	36,278,550	94,622,248
Comprehensive income		<u>-</u>	<u>6,551,205</u>	<u>6,551,205</u>
Balance at March 31, 2020	\$	<u>58,343,698</u>	<u>42,829,755</u>	<u>101,173,453</u>

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

# STATEMENT OF

## Profit or Loss And Other Comprehensive Income

### Student Revolving Loan Fund

Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2020  
With comparative figures for 2019

(Expressed in Barbados dollars)

	Notes	2020	2019
<b>Income</b>			
Interest on student loans	2(d)	\$ 6,806,307	4,335,681
Interest on investments		1,704,158	656,199
Credit and adjudication fees		67,819	86,751
Gain on Sale of Plant & Equipment		40	110
Other		<u>396,767</u>	<u>108,474</u>
<b>Total income</b>		<u>8,975,091</u>	<u>5,187,215</u>
<b>Expenses</b>			
Advertising		47,426	17,326
Bad debt expense		8,170	1,705,354
Other Bad debt expense		-	155,758
Increase in allowance for uncollectible insurance	7	17,367	24,111
(Decrease) Increase in allowance for loan losses	8	(533,042)	259,722
Bank charges		5,713	4,420
Committee members' expenses		7,600	8,200
Commissions paid		103,178	78,366
Depreciation and amortisation		112,619	90,314
Dues and subscriptions		7,683	13,904
Insurance		8,758	9,040
Miscellaneous		17,957	5,104
Office expenses and supplies		152,638	129,948
Professional fees		159,035	119,849
License fees		19,603	10,875
Repairs and maintenance		118,624	65,772
Salaries and staff benefits		2,106,268	2,019,920
Telephone		38,149	36,062
Travel and entertainment		<u>26,140</u>	<u>16,563</u>
<b>Total expenses</b>		<u>2,423,886</u>	<u>4,770,608</u>
Loss on derecognition of Government of Barbados securities	13	<u>-</u>	<u>(3,327,288)</u>
Net income (loss) being comprehensive income for the year		\$ <u>6,551,205</u>	<u>(2,910,681)</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, 2020  
With comparative figures for 2019

(Expressed in Barbados dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ 6,551,205	(2,910,681)
Adjustments for:		
Depreciation and amortisation	112,619	90,314
Interest income on investments	(1,704,158)	(656,199)
Interest income on student loans receivable	(6,806,307)	(4,335,681)
Loss on derecognition of GOB debt securities	-	3,327,288
Bad debts expense	8,170	1,705,354
Other Bad debts expense	-	155,758
Increase in allowance uncollectible insurance	17,367	24,111
Gain on disposal of plant and equipment	(40)	(110)
(Decrease) Increase in allowance loan losses	<u>(533,042)</u>	<u>259,722</u>
Operating loss before working capital changes	(2,354,186)	(2,340,124)
(Increase) Decrease in receivables and prepaid expenses	(14,744)	15,391
Decrease in staff loans	25,543	47,214
Decrease in insurance receivable	73,041	20,894
Increase in accounts payable and accrued expenses	294,400	198,277
Net student loan receipts	<u>11,168,166</u>	<u>6,879,839</u>
<b>Net cash from operating activities</b>	<u>9,192,220</u>	<u>4,821,491</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(312,856)	(122,446)
Proceeds from sale of plant and equipment	40	110
Increase in investments portfolio	(14,155,305)	(6,985,027)
Interest received on investments	<u>1,528,531</u>	<u>567,137</u>
<b>Net cash used in investing activities</b>	<u>(12,939,590)</u>	<u>(6,540,226)</u>
<b>Cash Flows from Financing Activities</b>		
Advances from the Government of Barbados	-	-
<b>Net cash from financing activities</b>	-	-
Net decrease in cash and cash equivalents	<u>(3,747,370)</u>	<u>(1,718,735)</u>
Cash and cash equivalents - beginning of year	<u>6,816,359</u>	<u>8,535,094</u>
Cash and cash equivalents - end of year	\$ <u>3,068,989</u>	<u>6,816,359</u>

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

## **Student Revolving Loan Fund**

Notes to Financial Statements

For the year ended March 31, 2020

*(Expressed in Barbados dollars)*

---

### **1. Incorporation and Principal Activity**

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

The Fund 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. They were authorised for issue by the Fund’s Management Committee on July 14, 2020.

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 the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

---

### 2. Significant Accounting Policies ...continued

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

##### *Impairment of financial assets*

The Fund 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 Fund 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 Fund 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 Fund 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 Fund operates ('the functional currency'). The financial statements are presented in Barbados dollars, which is the Fund'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 Profit or Loss and Other 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 the Financial Statements ...continued

For the year ended March 31, 2020

(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 accrual basis.

##### *Investment income*

Investment income is recorded in the Statement of Profit or Loss and Other 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 instruments

##### *Recognition and measurement*

Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value less transaction costs that are directly attributable to its acquisition or issue.

##### *Classification and subsequent measurement*

On initial recognition, a financial asset is classified into one of three categories: (1) Amortised cost, (2) Fair value through other comprehensive income (FVOCI) for debt or equity investments or (3) Fair value through profit and loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

---

### 2. Significant Accounting Policies ...continued

#### (f) Financial Instruments...continued

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A debt instrument is measured at fair value in other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- its contractual terms give rise to specified dates to cash flows that are solely for payments of principal and interest on principal outstanding

On initial recognition of an equity investment that is not held for trading the Fund may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. On initial recognition the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise occur.

All of the Fund's financial assets are measured at amortised cost.

#### *Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

---

### 2. Significant Accounting Policies ...continued

#### (f) Financial instruments ...continued

##### *Financial assets - Subsequent measurement and gains and losses:*

##### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### *Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### *Derecognition*

##### *Financial assets*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### *Financial liabilities*

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.



## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

---

### 2. Significant Accounting Policies ...continued

#### (g) Plant and equipment

Recognition and measurement:

All assets are stated at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

Subsequent expenditure:

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 Fund.

Depreciation

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	20%
Motor vehicles	20%
Leasehold improvement	10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (h) Impairment of non-financial assets

At each reporting date, the Fund reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

### 2. Significant Accounting Policies ...continued

#### (i) Impairment of Financial Assets

##### *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

IFRS 9, Financial Instruments, requires that the Fund measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month expected credit losses.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Fund is exposed to credit risk.

#### Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

The Fund does not conduct a review in the manner described above to be able to make an assessment of the reasonableness of its provisioning policy compared to the expected credit losses at the end of each reporting period. The absence of such a review could lead to the under or overstatement of the allowance for expected credit losses.

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

---

### 2. Significant Accounting Policies ...continued

(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 Fund 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, 2020 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 17 – Insurance Contracts (annual reporting periods beginning on or after January 1, 2021)

It is not anticipated that the application of IFRS 17 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*

- IFRS 16 - Leases

IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. This standard did not have any significant impact on the preparation of the financial statements.

(n) *Employee benefits*

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Fund has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Fund does not operate a pension plan. Long term employee benefits are expensed as incurred and are paid from operational income.

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

*(Expressed in Barbados dollars)*

### 3. Financial Risk Management

The Fund'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 Fund's management team under the direction of the Management Committee through review of the Fund's performance; and its investment and loan disbursements, internal procedures, policies and practices.

#### Capital management

The Fund'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.

	<u>2020</u>	<u>2019</u>
Total Liabilities	\$ 7,054,236	6,762,832
Total Equity	58,343,698	58,343,698
Net debt to equity ratio	0.12: 1	0.12: 1

#### 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 Fund 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 Fund, suitable sureties and or collateral is required of the loan applicant. The principal collateral types for loans within the Fund are:

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

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

### 3. Financial Risk Management ...continued

#### Credit risk ... continued

The Fund evaluates the financial institutions with which it places cash and cash equivalents.

The maximum credit risk exposure is as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,068,989	6,816,359
Investments (i)	36,558,002	22,227,071
Staff loans	57,881	83,424
Receivables	152,148	145,633
Insurance receivable	669,881	834,282
Student loans receivable (ii)	<u>92,859,430</u>	<u>104,956,544</u>
	<u>\$ 133,363,334</u>	<u>135,063,313</u>

(i) As at March 31, 2020, the Fund holds \$ 16,462,840 (2019: \$15,210,194) in Government of Barbados debt securities representing 45% (2019: 68%) of the Fund's total investment portfolio.

(ii) The above balance of student loans receivable represents the maximum credit risk exposure of the Fund as of March 31, 2020 and 2019, without taking account of any collateral held or other credit enhancements attached.

#### Credit quality of student loan receivable

As at March 31, 2020, the aging analysis of gross student loans receivable is as follows:

			<u>Neither Past Due and Impaired</u>			
	<u>Total</u>	<u>Not Impaired</u>	<u>Current to 180 Days</u>	<u>181 to 365 Days</u>	<u>1 to 2 Years</u>	<u>Over 2 Years</u>
2020	\$ 92,859,430	56,005,169	8,468,167	4,748,337	6,403,251	17,234,506
2019	\$ 104,956,544	57,870,364	10,164,872	8,467,403	9,186,952	19,266,953
2018	\$ 109,206,056	63,504,471	11,215,120	8,477,058	6,689,757	19,319,650
2017	\$ 108,727,927	66,947,734	10,244,183	6,152,211	5,326,841	19,961,308
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 Fund 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 the Financial Statements ...continued

For the year ended March 31, 2020

*(Expressed in Barbados dollars)*

### 3. Financial risk management ...continued

Liquidity risk ...continued

The Fund's liquidity management process includes:

- (a) Monitoring future cash flows 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 \$1,057,232 (2019: \$762,832), and the CDB principal of \$6,000,000. As at the similar date the Fund had \$3,068,989 (2019: \$6,816,359) 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 Fund's income and operating cash flows are substantially dependent on interest rates as the Fund has significant interest-bearing assets. However, the rates to which the Fund 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 Fund'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 2020: 228 (2019: 263) loans with a carrying value of 2020: \$7.80 (2019: \$10.49) 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.

### 4. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash in hand	\$ 9,140	9,140
Cash at bank	<u>3,059,849</u>	<u>6,807,219</u>
	<u>\$ 3,068,989</u>	<u>6,816,359</u>

**Student Revolving Loan Fund**

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

*(Expressed in Barbados dollars)***5. Investments**

	<u>2020</u>	<u>2019</u>
Capita Financial	5,899,589	4,000,000
Consolidated Finance	8,000,000	3,000,000
SigniaGlobe	6,050,000	-
Gov't Bonds - Series D (Note 13)	6,678,783	6,128,210
Gov't Bonds - Series B (Note 13)	9,724,302	9,069,159
Accrued Interest	<u>205,328</u>	<u>29,702</u>
	<u>\$ 36,558,002</u>	<u>22,227,071</u>

The Government of Barbados restructured its treasury bills and treasury notes resulting in the derecognition of the debt securities existing prior to the restructuring given the contractual cash flows of the new debt securities were significantly different. Refer to note 13 for further details of the restructuring.

**6. Receivables and Prepaid Expenses**

	<u>2020</u>	<u>2019</u>
Other receivables	\$ 152,148	145,633
Prepaid expenses	<u>54,779</u>	<u>46,550</u>
	<u>\$ 206,927</u>	<u>192,183</u>

**7. Insurance Receivable**

	<u>2020</u>	<u>2019</u>
Insurance receivable, gross	\$ 669,881	834,282
Allowance for uncollectible insurance	<u>(175,040)</u>	<u>(249,033)</u>
Insurance receivable, net	<u>\$ 494,841</u>	<u>585,249</u>

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

	<u>2020</u>	<u>2019</u>
Balance – beginning of year	\$ 249,033	249,252
Write-offs against the provision	(91,360)	(24,330)
Change during the year	<u>17,367</u>	<u>24,111</u>
Balance – end of year	<u>\$ 175,040</u>	<u>249,033</u>

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

### 8. Student Loans Receivable

	<u>2020</u>	<u>2019</u>
Student loans receivable, gross	\$ 92,859,430	104,956,544
Allowance for loan losses	<u>(25,503,916)</u>	<u>(33,764,043)</u>
Student loans receivable, net	\$ <u>67,355,514</u>	<u>71,192,501</u>

The balance of student loans receivable of \$92,859,430 (2019: \$104,956,544) 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 Profit or Loss and Other 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.

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

	<u>2020</u>	<u>2019</u>
Disbursements	\$ 6,193,676	7,904,944
Adjustments	3,720	9,335
Interest	<u>6,806,307</u>	<u>4,335,681</u>
	13,003,703	12,249,960
Deduct:		
Direct write-offs	(8,170)	(1,705,354)
Repayments	<u>(17,365,562)</u>	<u>(14,794,119)</u>
	(4,370,029)	(4,249,513)
Decrease (increase) in allowance for loan losses	<u>533,042</u>	<u>(259,722)</u>
(Decrease) in student loans receivable	\$ <u><u>(3,836,987)</u></u>	<u><u>(4,509,235)</u></u>

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

(Expressed in Barbados dollars)

### 8. Student Loans Receivable ...continued

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

	<u>2020</u>	<u>2019</u>
Balance – beginning of year	\$ 33,764,043	33,504,321
Direct write-offs to the provision account	(7,727,085)	-
(Decrease) Increase during the year	<u>(533,042)</u>	<u>259,722</u>
Balance – end of year	\$ <u>25,503,916</u>	<u>33,764,043</u>

### 9. Commitments

As at March 31, 2020, loans approved but not yet disbursed amounted to \$5,958,003 (2019 - \$10,914,334).

### 10. Advances from the Government of Barbados

	<u>2020</u>	<u>2019</u>
Advances from the Government of Barbados	\$ <u>6,000,000</u>	<u>6,000,000</u>

On January 16, 2017 the Government of Barbados (the Borrower) and Student Revolving Loan Fund (the Executing Agency) entered into a loan agreement with the Caribbean Development Bank (CDB) to lend the Borrower an amount not exceeding US\$7,750,000.

The purpose of the loan in the amount of US\$7,500,000 is to provide cash resources to Student Revolving Loan Fund to lend to eligible students attending local, regional and international tertiary institutions. An amount not exceeding US\$250,000 is to assist in the financing of a consultancy to undertake an independent diagnostic review of the Fund.

An On-Lending Agreement has been approved by the Cabinet of Barbados on June 20<sup>th</sup>, 2019, between the Government of Barbados and the Student Revolving Loan Fund regarding the loan. The Government of Barbados will fully service the CDB loan to maturity, and the Student Revolving Loan Fund will reimburse the Government of Barbados.

The Loan amount is US\$7,750,00 and is repayable in forty-eight (48) equal quarterly payments commencing April 1, 2022, at an effective rate of 4.80%. The Agreement will also provide some flexibility to allow the parties to agree to vary the repayment terms if required.

The On-Lending agreement has not yet been received by the SRLF.

## Student Revolving Loan Fund

Notes to the Financial Statements ...continued

For the year ended March 31, 2020

*(Expressed in Barbados dollars)*

---

### 11. Transactions with key management personnel

#### a) Key management personnel compensation

		<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$	288,333	288,333
Management committee members fees		7,600	8,200

#### b) Loans to management

The amount due from management for vehicle loans as at March 31, 2020 was as follows

		<u>2020</u>	<u>2019</u>
Staff Loans	\$	24,167	34,167

No interest is payable on the loan and the loan is repayable 5 years after the issue date.



## Student Revolving Loan Fund

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

*(Expressed in Barbados dollars)*

12. Plant and Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvement	Total
<b>Cost</b>					
Balance at April 1, 20198	\$ 442,764	67,784	520,089	356,332	1,386,969
Additions	18,885	-	32,548	71,013	122,446
Disposals	-	-	-	-	-
Balance at March 31, 2019	\$ 461,649	67,784	552,637	427,345	1,509,415
Balance at April 1, 202019	\$ 461,649	67,784	552,637	427,345	1,509,415
Additions	98,297	8,790	130,398	75,371	312,856
Disposals	-	-	-	-	-
Balance at March 31, 2020	\$ 559,946	76,574	683,035	502,716	1,822,271
<b>Accumulated Depreciation</b>					
Balance at April 1, 20198	\$ 418,299	3,390	462,082	247,037	1,130,808
Charge for the year	11,755	13,556	30,631	34,372	90,314
Disposals	-	-	-	-	-
Balance at March 31, 2019	\$ 430,054	16,946	492,713	281,409	1,221,122
Balance at April 1, 202019	\$ 430,054	16,946	492,713	281,409	1,221,122
Charge for the year	19,761	14,875	40,699	37,283	112,618
Disposals	-	-	-	-	-
Balance at March 31, 2020	\$ 449,815	31,821	533,412	318,692	1,333,740
<b>Net Book Value</b>					
Balance at March 31, 2019	\$ 31,595	50,838	59,924	145,936	288,293
Balance at March 31, 2020	\$ 110,131	44,753	149,623	184,024	488,531

## Student Revolving Loan Fund

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

---

### 13. Government of Barbados (GOB) Debt Restructuring

On September 7, 2018 the Government of Barbados issued an official Offer to Exchange existing government issued instruments for new instruments. On September 30, 2018 this offer was executed.

#### Treasury notes

The Fund held treasury note #257 with a face value of \$10,000,000, maturity date of October 31, 2018 and an interest rate of 6.25% per annum, prior to restructuring. As at March 31, 2018, an impairment of \$4,027,328 was recorded for this treasury note based on the anticipated restructuring. At March 31, 2019, an increase in the impairment amount was added to increase the provision to \$4,117,747. However, no amortization of the impairment was recorded as at March 31, 2019.

Interest on the treasury note as at September 30, 2018 amounted to \$260,417. On September 30, 2018 the note was converted to a Series D debenture with a face value of \$10,260,417.

The Series D debenture issued by the Government of Barbados is divided into 20 strips maturing in 16 – 35 years. Interest rates applied to the strips are as follows:

- 1.5% per annum for first 5 years
- 4.25% per annum for years 6-10
- 6.0% per annum for years 11-15
- 7.5% per annum until maturity

The principal of each strip is to be repaid in four equal quarterly instalments in the final year prior to maturity commencing on 30 November 2033 with the exception of the final strip, which will be repaid in three instalments with a final payment on 31 August 2053.

The treasury note existing prior to the debt restructuring has been derecognised and the new debenture recognised at its fair value of \$6,142,670 resulting in a loss on derecognition of \$90,419 which has been recognized in profit or loss. The fair value of the new debenture was estimated by discounting the expected cash flows using a yield curve based on the estimated market yield for the new debenture.

#### Treasury bills

The Fund held treasury bills prior to restructuring with a value, inclusive of accrued interest, of \$11,962,330. The Fund also held treasury bills prior to restructuring with a value, inclusive of accrued interest, of \$329,238, assigned to the Fund by borrowers as collateral for their loans. These treasury bills were converted to Series B debentures effective September 30, 2018. As at March 31, 2019, an impairment of \$3,236,869 was recorded for all the treasury bills held. However, no amortization of the impairment was recorded at March 31, 2019.

The Series B debentures issued by the Government of Barbados are divided into 11 strips maturing in 5 to 15 years. Interest rates applied to the strips are as follows:

- 1.0% per annum for first 3 years
- 2.5% per annum for year 4
- 3.75% to maturity

The principal of each strip will be repaid in four equal quarterly instalments commencing one year prior to the maturity date of that strip.

## Student Revolving Loan Fund

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

(Expressed in Barbados dollars)

### 13. Government of Barbados (GOB) Debt Restructuring...continued

#### Treasury bills...continued

The treasury bills existing prior to the debt restructuring have been derecognised and the new debentures recognised at their fair value of \$9,054,699 resulting in a loss on derecognition of \$3,236,869 which has been recognised in profit or loss. The fair value of the new debenture was estimated by discounting the expected cash flows using a yield curve based on the estimated market yield for the new debenture.

#### Accrued Interest on Series B and Series D Bonds

At March 31, 2019, no amortization on the impairment of the bonds was recorded. The provision for impairment was established on Series B and Series D bonds at \$3,236,869 and \$4,117,747 respectively. The annual amortization of the impairment should be recorded at each year end and is written back to Interest Income on Investments. The March 31, 2019 amortization is now being recognized in the financial year ended 2020. The amortization for March 31, 2019, was \$405,498, and \$797,081 at March 31, 2020, a total of \$1,202,579 is recognized as an adjustment to Interest Income on Investments.

	<u>2020</u>	<u>2019</u>
Amortization - Series B	\$ 451,018	215,448
Amortization – Series D	<u>346,063</u>	<u>190,050</u>
Total Amortization	<u>797,081</u>	<u>405,498</u>

### 14. Subsequent Events

The Student Revolving Loan Fund went into lockdown from March 27, 2020 due to the COVID-19 restrictions and reopened on May 18<sup>th</sup>, 2020.

Consequently, operational targets for student loan receipts were hampered as a result of COVID-19. These targets for student loan receipts were set at \$1,500,000 for April 2020 and May 2020; however, the Student Revolving Loan Fund received \$848,000 and \$1,200,000 in April and May 2020, respectively. It is anticipated that further deteriorations of receipts will have a long run impact on the Interest Revenue earned by the Fund.

## Student Revolving Loan Fund

Notes to the Financial Statements (continued)

For the year ended March 31, 2020

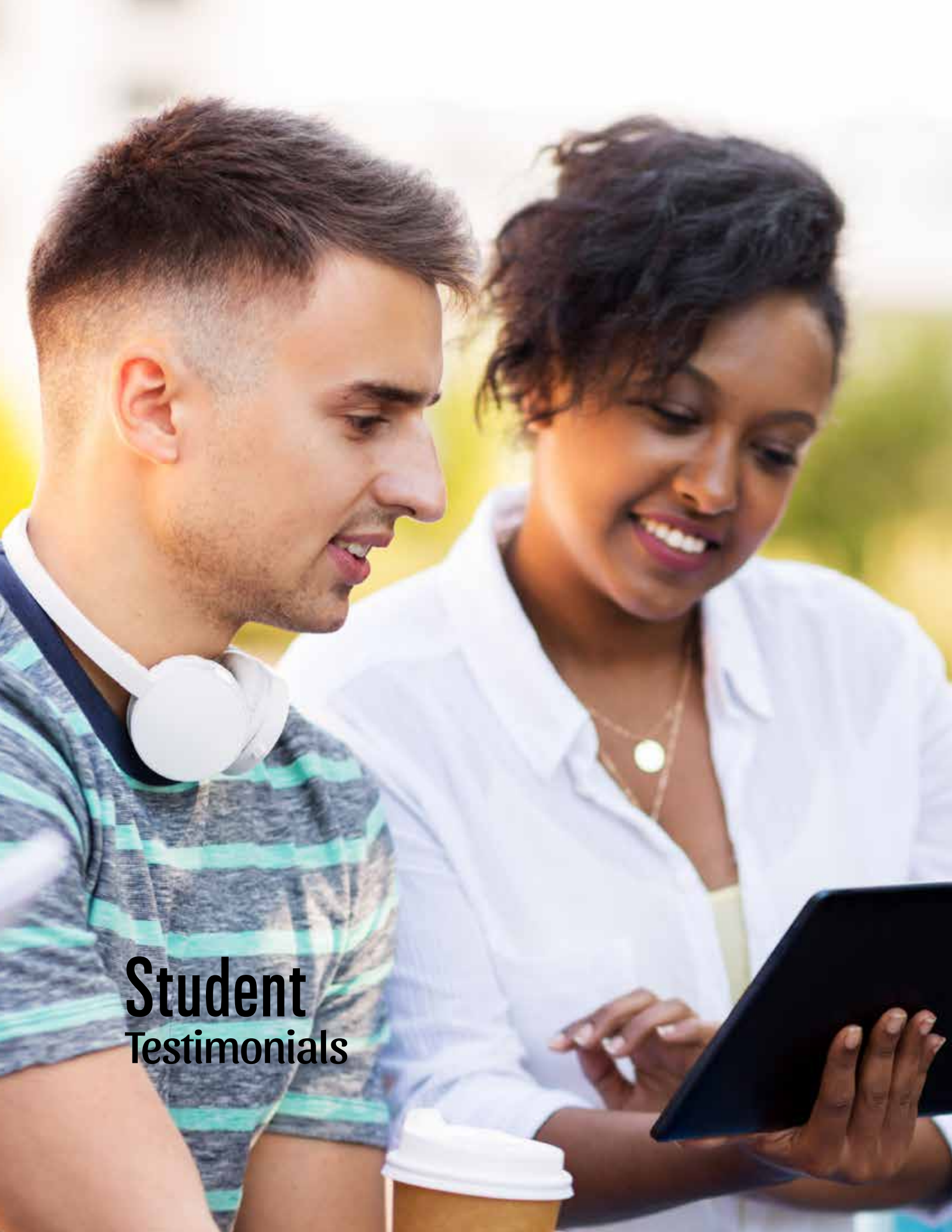
*(Expressed in Barbados dollars)*

---

### 14. Subsequent Events ...continued

From the beginning of this period, several events ensued as follows:

- (1) Updates to the firewalls and connectivity to improve the internet security, enabling employees to work from home;
- (2) Purchases of electronic equipment to facilitate the remote working, thereby increasing the fixed assets;
- (3) The SRLF pledged \$100,000 to the Ministry of Education for the purchase of tablets for school children;
- (4) Preparation of an electronic system to facilitate the processing of applications by both the Loans Unit and Accounts Department;
- (5) Implementation of payment/non-payment accommodations for delinquent borrowers, particularly those impacted during the lockdown period.



# Student Testimonials



# Sharing Proven Experiences

1



**BEVERLEY S. GIBBONS**  
(Ms.) - Legal  
Certificate

I am extremely grateful to the Student Revolving Loan Fund (SRLF) as a financial institution that assisted me in gaining the necessary financing for

my student expenses during my two (2) years of study at the Hugh Wooding Law School, Trinidad and Tobago.

I am also thankful to the SRLF for assisting and supporting me in achieving my career goal of becoming an Attorney-at-Law.

The service at the SRLF was exceptional and I am pleased to say that my interaction with the Loans Manager Ms. Suzanne Griffith, was excellent. I appreciated her approach, efficiency, professionalism and the timely updates given on my application status.

I am very happy to highly recommend the SRLF with its affordable interest rates and its online loan application process to any person who has aspirations to pursue tertiary education.

---

2



## STEPHEN JEMMOT

### UI/UX Designer & iOS Developer

While I received assistance from other institutions, I still needed additional funding to continue my studies.

The Student Revolving Loan Fund (SRLF) became an option for me to actively pursue my academic endeavors. I reached out to them and we communicated frequently via email and in person, to discuss arrangements for the

loan. At the time they informed me of the Government's offer to reduce the interest in my preferred field of study and it was a simple process for me to get things together and start the ball rolling.

My experience abroad was nothing less than amazing. It broadened my understanding, introduced me to many corporate entities and personnel, and elevated my thought process. When I returned to Barbados, the skills I gathered enabled me to quickly setup my own company and I assisted numerous small businesses to acquire jobs and contracts that were once only a dream to me.

Repayment started one year after I completed my studies and the SRLF reminded me of the repayment schedule in place. I am mindful of the opportunities afforded to me because of access to this funding and it is therefore important for me to be committed to repayment. During this process, the SRLF was always a phone call or an email away if I experienced any problems. While I do not encourage others to be in debt, this funding enables persons who are in need of financial assistance to pursue their dreams.

---

3



### **JASON A. RUSSELL** Creative Arts

I approached the Student Revolving Loan Fund to assist with funding my Master of Creative Arts degree at the University of West Indies where, coincidentally I work as a Technical Officer in film. It is with the utmost sincerity that I can say that my experience with the Student Revolving Loan Fund has been nothing but positive and I daresay that I would be surprised to find that my view is controversial or my experience is unique.

The service has been nothing short of top class. When I visit the office to

make a payment, I am always greeted by polite staff who work diligently to expedite the process. Don't want to go in and pay the bill? The SRLF still has your back by offering an online payment option which is relatively easy to set up and use.

Loans Officers are not only polite but patient and are willing to work with persons who may have issues making payments. This level of compassion is, to me, one of the strengths of the SRLF especially in a modern world where the personal touch is being lost. I do not know if Officers are trained specifically to handle these situations but that added touch of humanity is a much-needed touch for students who are often going through hard times trying to balance work, school and life. I sincerely hope this aspect of the SRLF never changes. Knowing there is one more person in your corner is never a bad thing and I applaud the officers who can offer a firm helping hand to help a young person back on to their feet.

The Student Revolving Loan Fund is an important initiative. It is a critically important resource which I feel needs even more investment and development to take it to the next level. So often you hear persons complain about governmental services, but I can testify that this one will be necessary for the development of many young Barbadians in the coming years especially as we live in this great time of uncertainty.

I hope you continue to provide the path for people like myself to have the opportunity to forge ahead.

---

4



**VICKI BLACKMAN**  
(Masters) Public  
Health Nurse

10 years ago, I embarked on the journey towards attaining my Masters in Public Health in the UK. The SRLF afforded me the opportunity to fulfill my goal of furthering my education in an area that I love. The team showed a genuine interest in assisting me with that goal. A goal that may very well have been out of my financial reach at that time. After the loan was approved the process from then on was seamless, the university received the fees directly and the remaining disbursements were issued on time. I definitely recommend applying to the SRLF to help you achieve your educational goals.

---

5



**RYAN WOOD**  
Registered Nurse

The Student Revolving Loan Fund is one institution with a difference comprising

of outstanding employees. I must say that during my period of study several years ago they provided an excellent, efficient and noteworthy service which enabled me to complete my program. The procedure was explained thoroughly to me and as soon as I produced the required documentation; the loan was processed in a timely manner. Each year as promised I received the funds at the beginning of every semester.

With such a tremendous service being provided to the public I would highly recommend the SRLF to anyone who requires financial assistance to complete a program of study. The SRLF is comprised of highly skilled professionals who cater

to your every educational need. In conclusion, I would like to highlight the fact that you are kept abreast of your disbursements and notified of your period of repayment. I must say though that I kept to my end of the bargain and I repaid the loan in a reasonably quick time frame so that other members of the public would also have an opportunity to benefit from this scheme.

---





