



2020-2021 ANNUAL REPORT
FINANCIAL ACCESSIBILITY



Invest in your Future



The Student Revolving Loan Fund
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St. Michael, Barbados, West Indies.

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Letter of Transmittal


August 20, 2021

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, 2021, 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



**The Student Revolving
Loan Fund**
Invest in Your Future.
www.srlfloan.edu.bb

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The purpose of The SRLF is to grant sub loans to eligible Barbadians to assist in financing areas of study including various academic, technical and vocational programmes.

OUR MISSION

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.

OUR VISION

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

Accountability

Respect

Integrity

Synergy

Effective

communication

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.



Corporate Profile

The Student Revolving Loan Fund, which is known as the SRLF, replaced the Higher Education Loan Fund when it was established in 1977 under the Student Revolving Loan Fund Act, 1976-20. It is a corporate body.

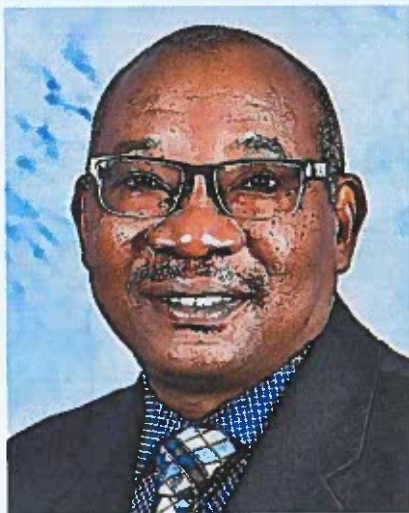
The main purpose of the SRLF is to provide funding to eligible Barbadians for priority areas of study. The SRLF makes a significant contribution towards the increasing number of Barbadians who are able to attain tertiary level qualifications.



Mrs. Betty Alleyne-Headley
Chairman



Mrs. Joy Adamson
Deputy Chairman



Mr. David Bowen
Committee Member



Mr. Rommel Carter
Committee Member



Ms. Jewel Garner
Committee Member



Dr. Sonia Greenidge-Franklyn
Committee Member



Mrs. Cheryl Rogers
Committee Member

The SRLF secured three loans from the Inter-American Development Bank and with each loan agreement expanded its focus. The first loan of US\$800,000 was for on lending to eligible Barbadians to pursue studies at the undergraduate level in areas which were considered crucial for the economic and social development of the country. The loan ceiling was Bds\$30,000 and the maximum repayment period ten years. The SRLF had a staff of three and depended on a financial agent for accounting and financial support.

The second loan of US\$2.0 million was disbursed over the period February 1984 to 1990. It allowed the SRLF to expand and modify its programme to include studies at the post secondary, technical and vocational levels at the Samuel Jackman Prescod Polytechnic, the Barbados Community College and the National Training Board as well as at the graduate level. In 1990, the SRLF also established a Guidance and Placement Unit to serve as a liaison between the job market and potential student borrowers.

The third stage of the SRLF's development witnessed the disbursement of a final loan of US\$6.8 million during the period April 1990 to 1996. The maximum loan amount increased to Bds\$50,000 and the interest rate moved from 6% to 8%.

In 2009 the Student Revolving Loan Fund Regulations were amended to among other things increase its maximum loan to \$100,000; provide loans to students studying online & part-time; change the interest rate to a variable rate of 4% based

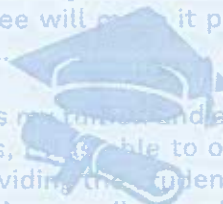
on a maximum of 2.5% above the minimum savings rate; and to hold security for loans.

The SRLF's social responsibility features prominently in its lending in that it offers a preferred interest rate; no repayment is required during the agreed study period; and an extended repayment period as well as a moratorium of interest during the study period.

In addition, at the conclusion of the agreed study period, students are afforded an additional period known as a grace period, where repayment is still not mandatory although interest accrues during this period. This extra time is designed to allow students to find employment without having to immediately worry about the repayment of the loan.

The main purpose of the SRLF is to provide funding to eligible Barbadians for priority areas of study.

It was a seamless and straight forward process. I was pleasantly surprised. I only had to go one time in the office and the rest of the process was online. The Student Revolving Loan Fund made it possible for me to graduate on time without having to worry about financial constraints delaying the completion of each semester. Without education it wouldn't have been possible to even get my foot in the door of the great companies I've had the pleasure of working with so far. Receiving my Bachelors in Electrical Engineering and Masters in Engineering Management along with high work ethic have allowed me to reach a Senior Engineering role faster than usual. The interest rate on the student revolving loan was great, which resulted in a very reasonable monthly amount. My advice to future beneficiaries is that to ensure the degree you are pursuing is valuable to the market in order to ensure a high return on your educational investment. It is essential to always have a solid plan on how your degree will be used, it possible for you to pay back the loan before you jump in with the commitment.

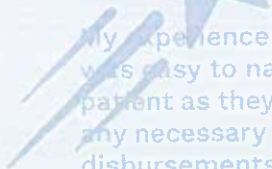


SRLF assisted me by providing financial support towards my tuition and accommodation during the course of my studies. On completion of my studies, I was able to obtain a job in a highly reputable company, thanks to SRLF for their help in providing the student loan. The repayment process is very convenient; with multiple payment options available, allowing you to choose the best one suited to your needs. Repayment is very important because this allows SRLF to continue providing financial support for any applicants looking to further or change their career.

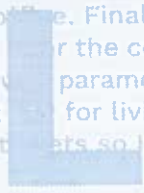


My experience with Student Revolving Loan Fund has been a straightforward and hassle-free one. I first connected with them to finance my undergraduate studies at the University of the West Indies, Cave Hill Campus. The application process was simple and efficient. Once all I had acquired all the necessary documents, the process was completed. The SRLF is frequently kept up to date by the SRLF and never having to contact them for anything of that nature. Knowing that I had the financial element of my studies taken care of by SRLF, allowed me to focus on my studies and participate in extracurricular activities, maximizing the value I got from my years at Cave Hill. The experience of working in the field comes with knowing that you have the financial support to pursue your education for your school year and I really appreciated that. Ultimately, I was able to come away from UWI Cave Hill with a BSc. in International Relations with Management (First Class Honours) and as one of two Valedictorians for that year. The world we live in today is interconnected in so many ways and my choice of study allows me to make sense of it. My education has laid a foundation for me to enter into the International Development field, as I currently work with the United Nations Children's Fund (UNICEF). It is also fueling my ambition to further my studies, as I am currently a MSc. candidate in Climate Change and Development. The hope is that I can impact meaningful change for my island and the Caribbean region in these key areas. My postgraduate study is being partially supported through a top-up loan from SRLF and it is great being able to start my repayment now and not waiting until after I have finished my studies. Without a doubt, this is key to allowing other Barbadians to access loans in the future and attain success in their chosen academic and career pursuits.

STUDENT TESTIMONIALS



My experience with the Student Revolving Loan Fund was an excellent one. Firstly, the process was easy to navigate, and the application form was thorough. Secondly, staff was friendly and patient as they took the time to walk you through your submitted application and help you make any necessary adjustments to ensure that you get as much financial aid as possible. Thirdly, the disbursements were made in a timely manner and in a convenient form, eliminating the need to physically visit the office. Finally, any necessary visit to the office was met with helpful staff and prompt service. For the course of my studies, the assistance I received from the Student Revolving Loan Fund was paramount. The loan enabled me to purchase books and other necessary schooling materials; pay for living expenses and university fees; and most importantly, helped me purchase plane tickets so I could travel to and from university when necessary.





S

I obtained a loan from the Student Revolving Loan Fund (SRLF) to support the completion of my Legal Studies at the Hugh Wooding Law School in St. Augustine, Trinidad.

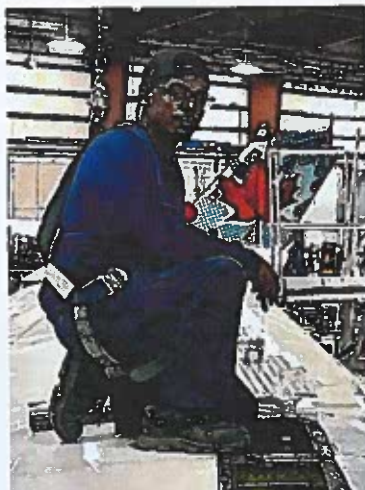
The loan application process was quick and painless, and the staff was always friendly and helpful. I was always able to find someone to speak to and answer any queries that I had. In my view the SRLF give a completely different feeling from other Financial Institutions. SRLF provides true customer service for students given that it is entirely dedicated to ensuring that you accomplish your scholastic goals.

I

N



C



The SRLF assisted me by providing financial support towards my tuition and accommodation during the course of my studies. On completion of my studies, I was able to obtain a job in a highly reputable company, thanks to the SRLF for their help in providing the student loan. The repayment process is very convenient; with multiple payment options available, allowing you to choose the best one suited to your needs. Repayment is very important because this allows the SRLF to continue providing financial support for any applicants looking to further or change their career.

—Shamar Hinkson
Aircraft Technician



Hey everyone, I am Leann Baker. As anyone plans towards higher/post-education, there are various parts to consider and the key one is the financial cost.

The Student Revolving Loan Fund (SRLF) was one of the institutions I used in 2010 to finance my education at the New England Institute of Art in Boston Massachusetts. I found their application process was concise, clearest, and least perplexing. The program contributed precisely as laid out in their initial draft and at no time did it default. This was part of the reason I was able to obtain my B.S degree in Interior Design and graduated with honors.

Although I am no longer a current resident in my native and beautiful island of Barbados, my repayments are integral to this establishment. At no time did it default on its contact when I was in need and neither will I on my repayment obligations, but better said in the words of a Bajan (“don’t bit or spite the hand that feeds ya”). Thus, I theorize that my repayment actions can create a similar opportunity to a fellow citizen.

Overall, this financial resource, can stimulate an individual to achieve their next level of education without financial hardship and provide the opportunity for someone to entirely focus on their academics without impairments.

Because of this establishment, today I am a new entrepreneur; President, and Lead Designer of “2 Winsome in Design” where we specialize in both Interior Design and Event Planning. My company’s slogan is “Where vision becomes reality” hence if you have a vision for your educational future you can make it a reality. The Student Revolving Loan Fund (SRLF) will be elated to support you or anyone else on their educational journey.

—Leann Baker
Designer



My name is Hendrick Watson. I applied for a Student Revolving Loan in August 2009 to attend the Latin American School of Medicine and I was able to pursue my dreams. Now I know that taking a loan seems very daunting and I admit I felt the same way too.

In this competitive market, its always advisable to be the best in your field; however, it takes a little time and let's be honest some funds go a long way too.

With the reliable staff at The Student Revolving Loan Fund (SRLF) and low interest rates you would not regret the decision to apply for a Student Revolving Loan.

Payments are easy, with a year grace period, you don't have to rush to repay. However, payments can be made online at your convenience. I've repaid my loan so that one day you too can pursue your dreams.

—Hendrick Watson
Doctor



I obtained a loan from The Student Revolving Loan Fund (SRLF) to support the completion of my Legal Studies at the Hugh Wooding Law School in St. Augustine, Trinidad.

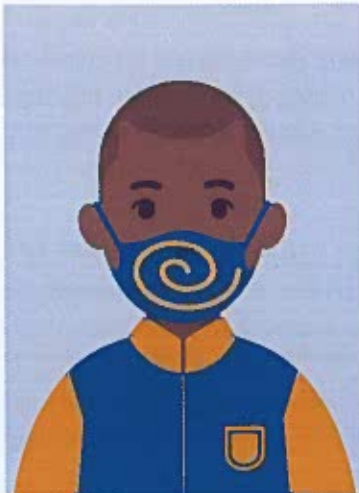
The loan application process was quick and painless, and the staff was always friendly and helpful. I was always able to find someone to speak to and answer any queries that I had.

In my view The SRLF give a completely different feeling from other Financial Institutions. The SRLF provides true customer service for students given that it is entirely dedicated to ensuring that you accomplish your scholastic goals. I received exceptional advice from the Guidance Officer with regard to educational programs which is a feature that you will not find at any other commercial institution.

Another fine feature is the grace period allowed between completion of your program and the commencement of repayment. Use this time to focus on your more immediate fiscal professional goals.

The SRLF is my preferred financial institution for tertiary education finance.

—Diana Douglin
Attorney-At-Law



The Student Revolving Loan Fund (SRLF) has been an essential aspect in my educational life for over the last twenty years or so. This educational establishment was instituted to undertake the task of helping ordinary Barbadian citizens (like me) not only to realize our academic dreams but to make the journey at each stage an easier one. The SRLF consist of a team of caring, dedicated staff that continues to allow the average person to ascertain a high standard of living while significantly contributing to their economy because of their contribution to their academic achievement.

Personally, The SRLF played a pivotal role in assisting me to achieve my goal of becoming a Professional Educator and the success that I have attained in that profession. My father passed away as I was ready to undertake my tertiary schooling, this put a strain on our finances. I was faced with the decision to work instead of studying at that time. Initially, I was reluctant to approach The SRLF. However, I have not regretted the decision. For my first-degree program, The SRLF was able to provide me with the needed finances to cover the purchasing of textbooks and incidentals for the duration of my program. The staff guided me at each step, from the explanation of the application process to the development of repayment plans. Furthermore, because I was unfamiliar with University life and had to make necessary adjustments, The SRLF made it very easy for me to transition into that level of schooling without having to worry about financial issues.

At the end of my studies, I completed the repayment schedule ahead of time and closed that chapter of my life. Little did I know that some fourteen years later, I would have to re-open it.

The second-degree program was somewhat different, I knew what to expect and how to approach it. However, I was caught by surprise about added expenses that I would have to incur in order to continue the program some months after commencing. I considered a number of institutions which could assist me. I chose The SRLF because I recalled the professionalism of their staff and how they catered to my needs before.

Once again, The SRLF was there to assist me when I needed them most. However, with this situation, time was of the essence and I needed immediate results and processing. This was also during the Covid 19 pandemic when we were in a lock down situation.

Once the relevant documentation was submitted, I received feedback on the different stages that my application was at. They were able to mediate my situation while my application was being processed. Therefore, I was able to continue my programme. were able to start the process and I was able to acquire the help I urgently needed. They were able to assist me in a short space considering the delicate nature of my situation despite challenges that may have been faced as a result of the pandemic.

The staff was kind and professional in dealing with me and yet they almost felt like family addressing my needs in a timely and prompt manner. I felt like they cared

about me the individual and the assistance they could bring. This allayed my anxieties especially due to the fact that the officer who dealt with my application sympathized with my situation and gave me much needed reassurance at the time. This officer made calls to update and identify any areas that could allow a speedier process; for this, I am appreciative. My entire experience was an assuring one and I am grateful to the entire staff who worked on my application from start to end.

Because of The SRLF assistance I am now in a position where I can be comfortable as I continue to work on this phase of my educational dream. At the end of this chapter, I will be in a transition of advancement from one position to another and my professional standing would be enhanced.

All in all, because of my experience with the institution I would definitely recommend The Student Revolving Loan Fund to any Barbadian or anyone who is interested in pursuing their goals, dreams or aspirations. Although the application process is online, it is easily facilitated. Because of their trained, highly qualified and caring staff, it simply takes one phone call or one email. So why not make that move today and live your dream tomorrow.

Payment plans are put in place before studies are completed. You are even allowed a twelve-month grace period after completion of studies, in the event that you now have find employment. The interest rates are extremely low, and since the payments are low you can even pay more and reduce the overall sum at a faster rate.

—Geoffrey Merritt
Educator



As Chairman of the Management Committee of the Student Revolving Fund (SRLF), I had the challenge along with my fellow Committee Members, to oversee the operations of the SRLF during one of the most unprecedented years in our history. No one could have predicted with any degree of accuracy that our business environment would have changed so dramatically in such a short period. The effects of the COVID-19 pandemic resulted in drastic adjustments to the manner in which the SRLF conducts its business, and how services are delivered. The support received from my fellow Committee Members and the management & staff of the SRLF was heartening. Together, the SRLF was able to maintain its operations at a level that didn't see any significant compromise in the provision of services.

However, despite all the negatives that may be associated with the COVID-19 pandemic, one positive that emerged was that many organisations used the opportunity for serious introspection. The SRLF therefore took the time to reflect on its current operations by conducting an organisational review to better define ways of serving all its customers.

Message from The Chairman

This review will result in significant changes to the approach in which the SRLF currently operates. Some of these changes will include improvements to the type and variety of loans offered; the technological infrastructure of the SRLF; and a greater focus on customer service. However, to successfully implement any changes, the employees must be at the centre of such changes. The SRLF will therefore continue to value the contribution of its employees by ensuring that they have a safe and conducive environment to perform their duties and are adequately compensated

and rewarded for their efforts.

To give legal effect to most of the proposals, changes must be made to the legislation governing the operations of the SRLF. This effort is currently in progress and it is anticipated that the process will be concluded in the shortest possible time.

The financial performance of the SRLF during the year under review, provides a solid basis to build its future reorganisation and expansion. Despite the challenging environment, the SRLF was still able to produce a generous surplus in excess of \$5 million, increase its investment portfolio and maintained adequate levels of cash to meet its commitments.

Notwithstanding the foregoing, there are still some areas of the SRLF that require attention, namely, declining loan approvals, and encouraging borrowers to repay their loans in a timely manner. While there has been a significant reduction in total assets resulting from the adoption of the International Financial Reporting Standard Nine (IFRS-9) it is anticipated that improvements will be seen in this area, as continuous efforts are made to have delinquent borrowers regularise their loans. This will lessen the probability of default and hence decrease the loan loss provisioning.

The SRLF is well poised to continue to provide affordable financing to Barbadians who wish to pursue their educational goals. The strengthening of the SRLF's organizational structure will assist it in remaining relevant in the future and responsive to the changing demands from its customers.

As the world appears to be recovering from the COVID-19 pandemic, it is expected that business activity will increase. The

SRLF will therefore be positioned to take advantage of the improved economic environment. However, until the country returns to normalcy we wish to encourage all of you to observe the protocols and remain safe. On behalf of the Management Committee I wish to extend sincere gratitude to all who worked tirelessly during this pandemic period to keep the SRLF operational and safe.

Yours faithfully,



Mrs. Betty Alleyne-Headley
Chairman

Meet Our Team



You Can Count on Us



Providing Support



Here to Advise and Assist You



Ready to Serve





Ambrose Johnson
Administrative Manager



Nanita Pereira
Finance Manager



Suzanne Griffith
Loans Manager



Patricia Breedy
Senior Collections Officer



Janelle Rawlins
Senior Accountant



Mya Daniel
Legal Officer



Alan Roach
Guidance Officer



Lyanne Lowe
Legal Officer



Nicole Temprow
Senior Loans Officer





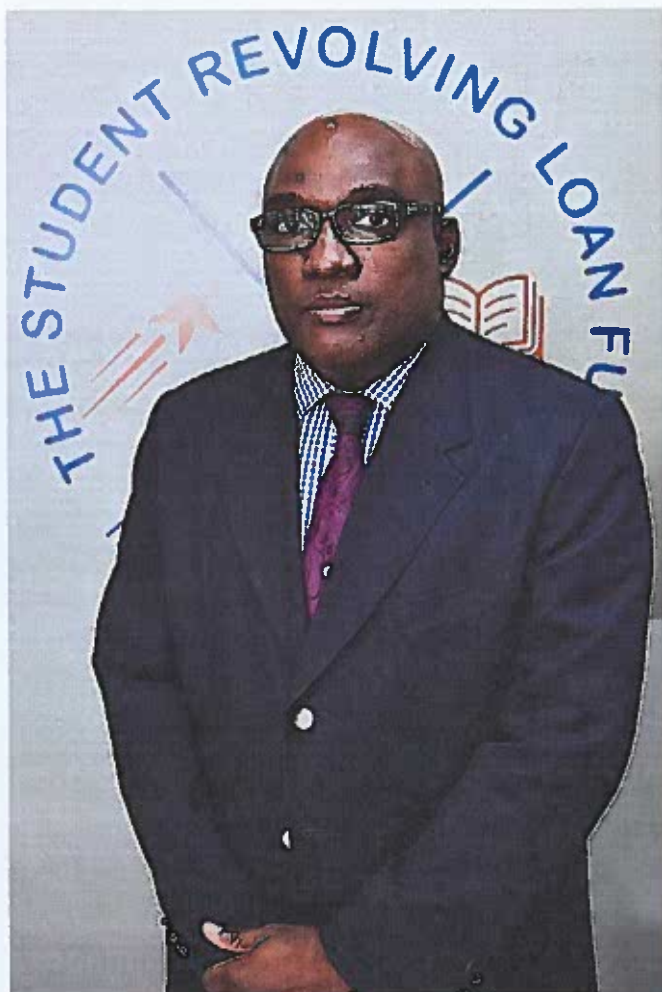
compared to the current year, total assets of the SRLF increased by \$3 million or 4%, this is a positive sign as the SRLF continues to solidified its financial position. As at March 31, 2021 the SRLF's investments emerged as its single largest asset standing at \$42 million which is a 14% increase on the previous year. The SRLF expects further growth in its investment portfolio and will continue to invest its extra cash in relatively safe investments and strive to maintain a well-diversified portfolio.

The growth in the investment portfolio is directly correlated to the SRLF's collection efforts. Total loan receipts for the year were on par with total receipts for the previous year, as the SRLF experienced a modest reduction of 6% or \$1.1 million in receipts when compared to the previous year.

In view of the economic environment, this was an outstanding effort by the staff of the SRLF and is testimony to the yeoman effort put forward to ensure that borrowers who were still able to service their loans kept their obligations. The SRLF encouraged repayment while simultaneously extending accommodations to those in need.

Manager's Report

Although compared to the previous year, the SRLF's performance declined in terms of receipts, overall performance given the economic climate, the SRLF maintains a healthy position, which enabled it to service an and completely repaid the \$ 6 million-dollar loan from the Caribbean Development Bank (CDB) well ahead of the initial scheduled repayment arrangement. The SRLF's net surplus of over \$5.6 million for the year and its expanding investment portfolio which currently exceeds \$40 million means that the SRLF is well poised



exempted. With economic activity almost grinding to a halt, the operations of the SRLF were significantly affected from an operational and financial standpoint.

CORPORATE SOCIAL RESPONSIBILITY

Conscious of the negative financial impact occasioned by the pandemic, the Management Committee of the SRLF approved several accommodations to be offered to customers who were experiencing financial hardship. These ranged from the deferral of payments; suspension of interest; the suspension of late payment fees for all borrowers; and reduced payment amounts. These arrangements which benefited hundreds of borrowers were extended for the entire financial year April 1, 2020, to March 31, 2021. The Management Committee has graciously agreed to extend these accommodations until September 2021, at which time a review will be done. These various accommodations and arrangements were appropriate in the circumstances and allowed the SRLF to discharge its social corporate responsibility.

However, during the year under review the SRLF's social involvement was not restricted to its borrowers only. In playing its part in assisting schools to obtain computer equipment to facilitate online learning, the SRLF donated one hundred thousand dollars (\$100,000.00) worth of computer equipment to the Ministry of Education, Technological and Vocational Training. The SRLF also participated in a breakfast feeding program to assist the less fortunate and through the efforts of its staff, there was an internal display of awareness of the impact of breast cancer on society during Breast Cancer Awareness month in October. The funds raised from

Manager's Report

INTRODUCTION

It is impossible to reflect on the financial year 2020-21 without mentioning the COVID-19 pandemic. The pandemic affected individuals and businesses. It is therefore appropriate at this juncture to commend the first responders who were at the forefront of fighting the pandemic on behalf of the country. The financial fallout as a direct result of the pandemic was felt on a global scale and our Island State was not

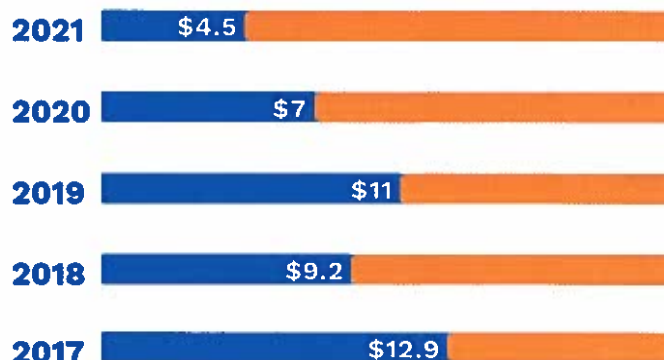
this initiative were donated to the Cancer Society of Barbados. Staff Members further demonstrated unity when they launched the 'shoe box' project to collect toys, books, and other supplies for less fortunate children during the Christmas period. The SRLF during the coming and subsequent years will continue to expand its role in the community to give back to society.

OPERATIONS

For the SRLF to expand its social role, it must improve its operational efficiencies and remain strong financially. From an operational standpoint, the SRLF strengthened its technological infrastructure, and this allowed its employees to transition to remote working with few challenges. At the same time, the improved infrastructure provided easier access to its services for its customers. Improvements are continuously being made to the SRLF's operational capabilities especially its customer service delivery. One strategy that the SRLF has utilized in its attempt to improve on service delivery is investing in staff by way of training. Most staff members have been trained in the Caribbean Vocational Qualification Level 2 – Customer Service programme, as well as other customer service courses. The SRLF has also introduced a Customer Service Excellence Award programme to recognize employees for outstanding contribution in customer service. The Flexible Working Arrangement Policy is an existing arrangement that was expanded during the year to provide employees with a greater work life balance, improved morale and translate into improved service to customers.

Part of our strategy to improve our service delivery is to reduce our response time to customers with respect to loan approvals, disbursements, and general feedback.

LOAN APPROVAL BY YEAR - \$ MILLIONS

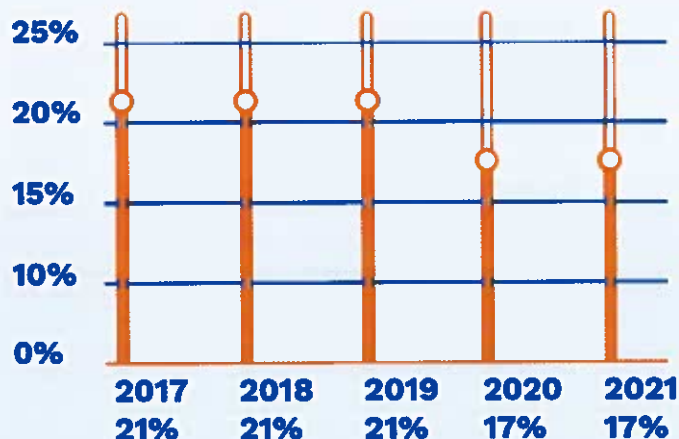


The SRLF has worked hard during the year to press the loan approvals timeframe from an average of four to six weeks to two weeks and will continue during the coming financial year to implement strategies to achieve its targeted approval time of eight business days.

A quicker approval time should also assist in efforts to increase loan approvals and halt the declining number of loans being approved in recent years. The SRLF will continue to innovate and add new loan offerings to its traditional student loan portfolio. During the year, it introduced the Digital Transformation Loan (DTL) targeting teachers/educators; and the TopUp Loan focusing on existing borrowers who may want to further their studies or retool. However, increased loan approvals and faster turnover time will be achieved without compromising the quality of the loans being approved.

There is a direct correlation between the quality of loans approved and delinquency. The SRLF has made tremendous strides in managing its delinquency in recent years. However, there is still a lot of work to be done to achieve the goal of a delinquency rate of less than 10%.

DELINQUENCY TREND LINE



Over the past three years the delinquency rate has stabilized at 17%. The recent economic climate has hampered the efforts of the Collections & Legal Units to press this rate down further. However, with economic activity expected to gain momentum during the financial year 2021- 22, the SRLF will renew its efforts to further reduce overall delinquency.

FINANCIAL PERFORMANCE

For the year ending March 31, 2021, the SRLF experienced a decline in most of its key financial variables. There are three main reasons for the decline in these areas (i) the economic climate; (ii) the previous financial year was a record year in terms of income and profitability; and (iii) the adoption of the International Financial Reporting Standard Nine (IFRS-9).

The economic climate has negatively impacted interest income on loans as well as investment income, the two main sources of income for the SRLF. Simultaneously, the Fund has created additional expenses as the it moved towards having the necessary infrastructure in place to accommodate the new way of working and doing business. The previous year income levels were phenomenal resulting in record profits. It

would have been challenging to repeat such a performance even in a good economic environment. However, notwithstanding these challenges the SRLF was still able to achieve a commendable performance. For the year under review, the SRLF recorded a net profit of \$5.6 million which was \$1 million or 15% lower than the previous year. The reduction in net income can be traced to a reduction in interest income on student loans. As a result, total income declined by \$3 million or 33%.

To be compliant with the International Financial Reporting Standards Nine (IFRS- 9), the SRLF implemented a new provisioning model for its loan portfolio. This was the last obstacle to the SRLF receiving a clean audit. It is anticipated that the audit as at March 31, 2021 will be unqualified, the first in over fifteen years. The implementation of IFRS-9 resulted in a restatement of the balance sheet for financial ending March 31, 2020. The restatement resulted in a reduction of total assets of \$108 million to \$84 million as at March 31, 2020. The Student Loans Receivable asset saw a sharp decline of \$22 million or 33%. As at March 31, 2021 there was a further decline in this asset of \$6 million moving from \$45 million in 2020 to \$39 million. Contributing to this sharp decline was that the new provisioning model took into consideration the current economic climate, several macro-economic variables and as a result a higher provisioning on loans that are current as well as those that are in arrears was applied. The SRLF has already implemented strategies to regularize its loan portfolio and improvements in its loan receivable asset portfolio should be seen at the end of the financial year 2021-22.

Based on the restated Balance Sheet as at March 31, 2020, when compared to the current year total assets of the SRLF increased by \$3 million or 4%, this is a positive sign as the SRLF continues to solidified is financial position. As at March

31, 2021 the SRLF's investments emerged as its single largest asset standing at \$42 million which is a 14% increase on the previous year. The SRLF expects further growth in its investment portfolio and will continue to invest its extra cash in relatively safe investments and strive to maintain a well-diversified portfolio.

The growth in the investment portfolio is directly correlated to the SRLF's collection efforts. Total loan receipts for the year were on par with total receipts for the previous year, as the SRLF experienced a modest reduction of 6% or \$1.1 million in receipts when compared to the previous year.

TOTAL RECEIPTS BY YEAR - \$ MILLIONS



In view of the economic environment, this was an outstanding effort by the staff of the SRLF and is testimony to the yeoman effort put forward to ensure that borrowers who were still able to service their loans kept their obligations. The SRLF encouraged repayment while simultaneously extending accommodations to those in need.

Although compared to the previous year the SRLF suffered declines in some key areas, its overall performance given the economic climate was solid. It maintains a healthy cash position, which enabled it to service an and completely repaid the \$ 6 million-dollar loan from the Caribbean Development Bank (CDB) well ahead of the initial scheduled repayment arrangement.

The SRLF's net surplus of over \$5.6 million for the year and its expanding investment portfolio which currently exceeds \$40 million means that the SRLF is well poised to meet any challenges in the future.

THE FUTURE

To assist the SRLF with being sustainable, the Management Committee of the SRLF engaged the services of a consultant to review the operations of the SRLF with the view of repositioning the entity for future growth. The consultant in keeping with its term of reference made several recommendations including the drafting of a five-year strategic plan. It is hoped that once final approval is received, the recommendations and the strategic plan, can start being rolled out from the third quarter of financial year 2021-22 into financial year 2022-23. If the recommendations along with the strategic plan are implemented, the SRLF will be transformed into a more customer centric, agile, and innovative entity.

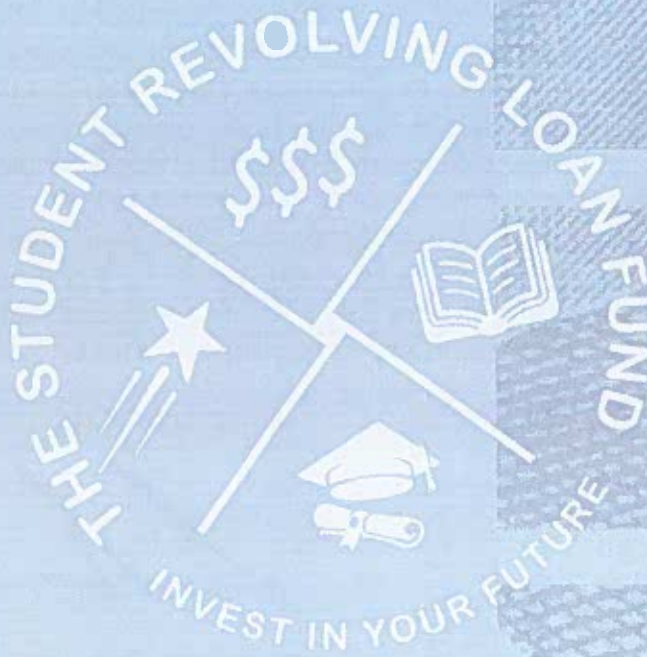
To coincide with the implementation of its five-year strategic plan, the SRLF has reviewed its enabling legislation and has made recommendations for changes to its Act and Regulations that would allow it to achieve its strategic objectives. During financial year 2022-23 the SRLF will be celebrating forty-five years (45) of serving the people of Barbados. The time is therefore appropriate to make necessary changes to position the SRLF to serve Barbadians for another forty-five years or more.

Yours faithfully,

Ambrose O'B Johnson
Administrative Manager

Five Year Financial Summary

Five Year Summary
Sources of Income
Asset Distribution
Asset Growth
Delinquency Trend Line



BALANCE SHEET (\$000s)

2021 2020 2019 2018 2017

ASSETS

Bank	4,938	3,069	6,816	8,535	10,097
Investments	42,058	36,558	22,227	18,480	13,499
Student Loans	33,040	67,356	71,193	75,702	75,436
Other Assets	1,241	1,248	1,149	1,380	1,377
Total Assets	81,277	108,231	101,385	104,097	100,409

LIABILITIES & FUNDS

Liabilities	3,543	7,057	6,763	6,565	497
Funds	77,734	101,174	94,622	97,532	99,912
Total Liabilities & Funds	81,277	108,231	101,385	104,097	100,409

INCOME STATEMENT

INCOME

Interest-Student Loans	4,057	6,806	4,336	4,051	4,829
Income-Investments	1,426	1,704	656	785	709
Other Income	601	465	195	176	5,249
Total Income	6,084	8,975	5,187	5,012	10,787

EXPENDITURE

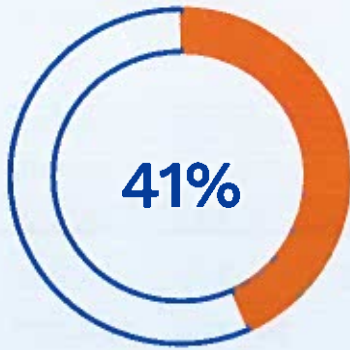
Administrative & General	2,913	2,857	2,976	2,608	2,107
Bad Debt Expense	-1,991	-508	1,705	666	-1,411
Depreciation	124	75	90	90	101
Total Expenses	1,046	2,424	4,771	3,364	797

Decrease in value of investments due to Government Restructuring			-3,327	-4,027	
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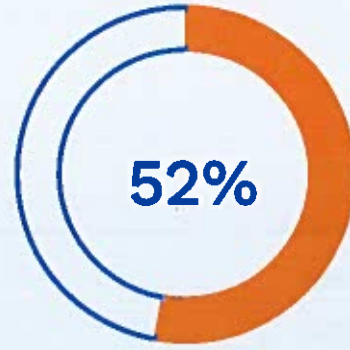
NET INCOME FOR YEAR

5,038 6,551 -2,911 -2,379 9,990

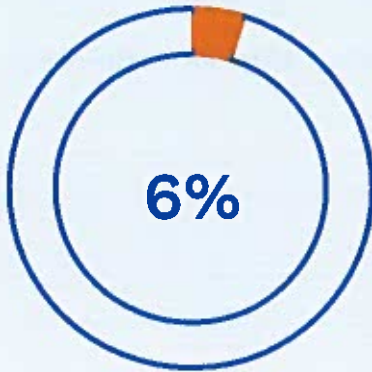
ASSET DISTRIBUTION



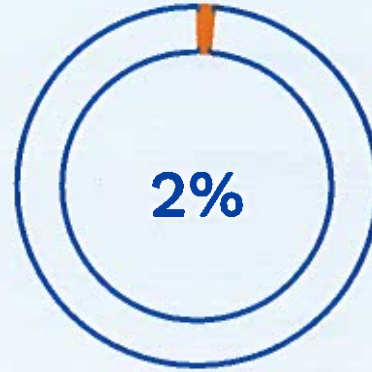
Student Loans Receivables
33,040,333



Investments
42,058,166

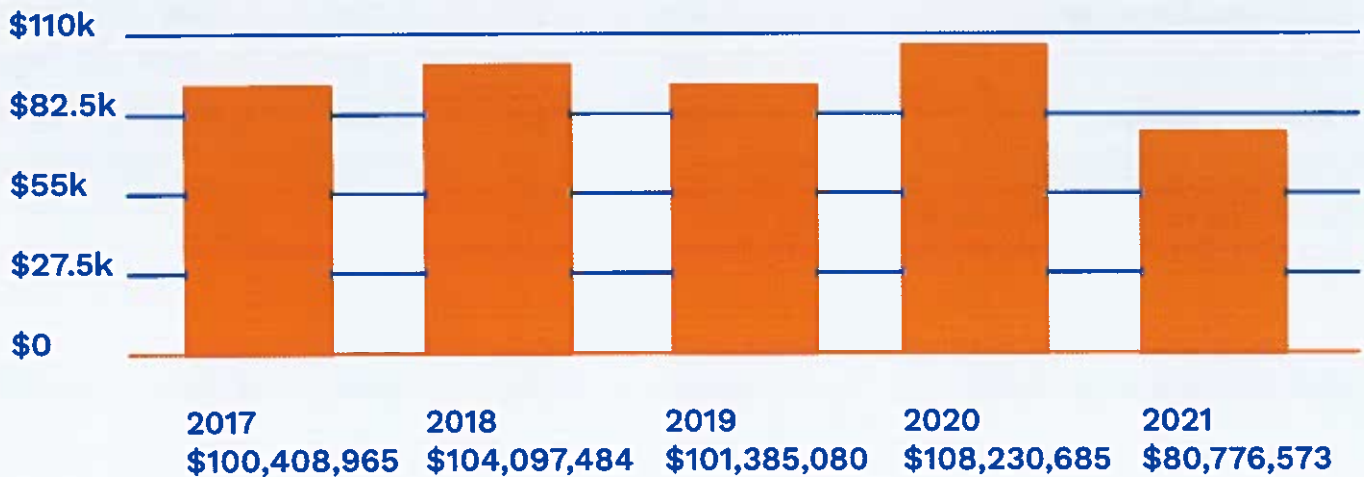


Bank
4,938,320

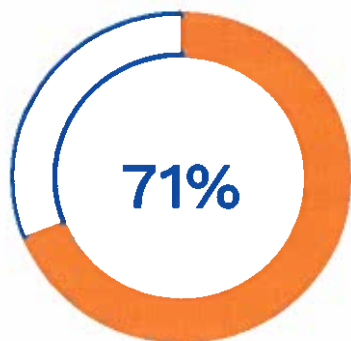


Other Assets
1,241,071

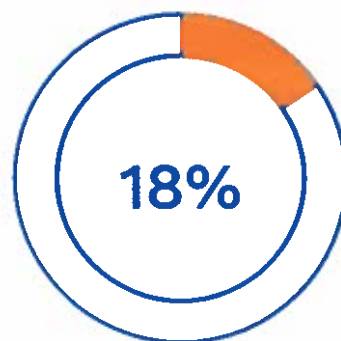
ASSET GROWTH



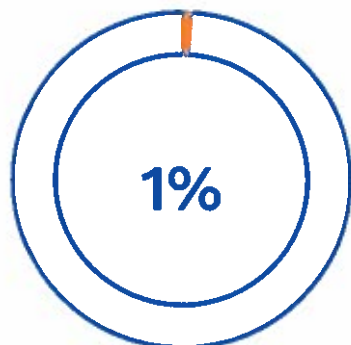
SOURCES OF INCOME



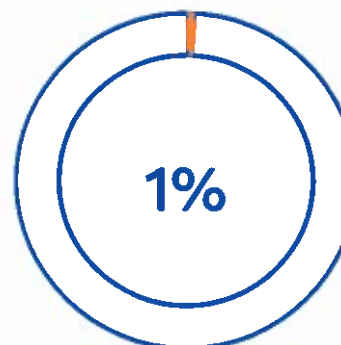
Interest on Student Loans
4,056,633



Interest on Investments
1,055,133

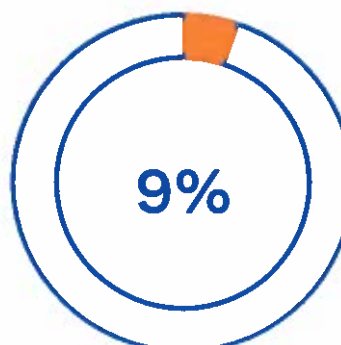
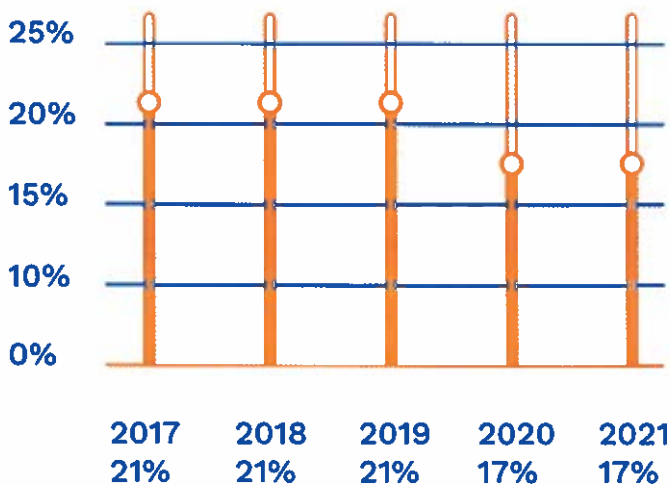


Credit Fees
32,734



Late Fees
70,775

DELINQUENCY TREND LINE



Other
497,773



**FINANCIAL STATEMENTS
OF
THE STUDENT REVOLVING
LOAN FUND**

MARCH 31, 2021.

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Statements



KPMG

Hastings

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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

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, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Barbados, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

Report on the Audit of the Financial Statements (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
-



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)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

Report on the Audit of the Financial Statements (continued)

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, appearing to read 'H.A.G.'.

Chartered Accountants
Bridgetown, Barbados
August 31, 2021

Student Revolving Loan Fund

Statement of Financial Position

As at March 31, 2021

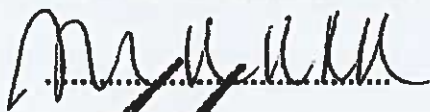
With comparative figures for 2020

(Expressed in Barbados dollars)

	Notes	<u>2021</u>	<u>Restated</u> <u>2020</u>
Assets			
Cash and cash equivalents	4	\$ 4,938,320	3,068,989
Investments	5, 13	42,076,821	36,558,002
Receivables and prepaid expenses	6	170,620	206,927
Staff loans		108,393	57,881
Insurance receivable	7	285,775	325,672
Student loans receivable	8	39,436,237	44,754,735
Plant and equipment	12	<u>501,548</u>	<u>488,531</u>
Total Assets		\$ <u>87,517,714</u>	<u>85,460,737</u>
Liabilities and Funds			
Liabilities			
Accounts payable and accrued expenses		\$ 1,293,225	1,057,232
Advances from the Government of Barbados	10	<u>2,250,000</u>	<u>6,000,000</u>
Total liabilities		<u>3,543,225</u>	<u>7,057,232</u>
Funds			
Contribution		58,343,698	58,343,698
General fund		<u>25,630,791</u>	<u>20,059,807</u>
Total funds		<u>83,974,489</u>	<u>78,403,505</u>
Commitments	9	<u>-</u>	<u>-</u>
Total Liabilities and Funds		\$ <u>87,517,714</u>	<u>85,460,737</u>

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

Approved on behalf of the Management Committee on August 31, 2021



Chairman



Administrative Manager

Student Revolving Loan Fund

Statement of Changes in Funds

For the year ended March 31, 2021
With comparative figures for 2020

(Expressed in Barbados dollars)

	Contribution - Government of Barbados	General Fund	Total
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, previously stated	58,343,698	42,829,755	101,173,453
Adjustment on initial application of IFRS 9	<u>-</u>	<u>(22,769,947)</u>	<u>(22,769,947)</u>
Balance at March 31, 2020, as restated	58,343,698	20,059,807	78,403,505
Comprehensive income	<u>-</u>	<u>5,570,984</u>	<u>5,570,984</u>
Balance at March 31, 2021	\$ <u>58,343,698</u>	<u>25,630,791</u>	<u>83,974,489</u>

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

Student Revolving Loan Fund

Statement of Profit or Loss and Other Comprehensive Income

For the year ended March 31, 2021
With comparative figures for 2020

(Expressed in Barbados dollars)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Income			
Interest on student loans	2(d)	\$ 4,002,939	6,806,307
Interest on investments		1,444,632	1,704,158
Credit and adjudication fees		32,734	67,819
Gain on Sale of Plant & Equipment		663	40
Other		<u>567,886</u>	<u>396,767</u>
Total income		<u>6,048,854</u>	<u>8,975,091</u>
Expenses			
Advertising		55,825	47,426
Bad debt expense		-	8,170
Decrease (increase) in allowance for uncollectible insurance	7	(8,464)	17,367
Decrease in allowance for loan losses	8	(2,551,060)	(533,042)
Bank charges		5,525	5,713
Committee members' expenses		7,640	7,600
Commissions paid		114,085	103,178
Depreciation and amortisation		174,618	112,619
Dues and subscriptions		8,580	7,683
Insurance		8,779	8,758
Miscellaneous		102,360	17,957
Office expenses and supplies		96,996	152,638
Professional fees		298,282	159,035
License fees		30,629	19,603
Repairs and maintenance		87,852	118,624
Salaries and staff benefits		1,983,585	2,106,268
Telephone		45,393	38,149
Travel and entertainment		<u>17,265</u>	<u>26,140</u>
Total expenses		<u>477,870</u>	<u>2,423,886</u>
Net income being comprehensive income for the year		\$ <u>5,570,984</u>	<u>6,551,205</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, 2021
With comparative figures for 2020

(Expressed in Barbados dollars)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Net income	\$ 5,570,984	6,551,205
Adjustments for:		
Depreciation and amortisation	174,618	112,619
Interest income on investments	(1,444,632)	(1,704,158)
Interest income on student loans receivable	(4,002,939)	(6,806,307)
Bad debts expense	-	8,170
(Decrease) Increase in allowance uncollectible insurance	(8,464)	17,367
Gain on disposal of plant and equipment	(663)	(40)
Decrease in allowance loan losses	<u>(4,255,060)</u>	<u>(533,042)</u>
Operating loss before working capital changes	(2,262,157)	(2,354,186)
Decrease (increase) in receivables and prepaid expenses	36,307	(14,744)
(Increase) decrease in staff loans	(50,512)	25,543
Decrease in insurance receivable	48,361	73,041
Increase in accounts payable and accrued expenses	235,993	294,400
Net student loan receipts	<u>11,872,498</u>	<u>11,168,166</u>
Net cash from operating activities	<u>9,880,490</u>	<u>9,192,220</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(187,635)	(312,856)
Proceeds from sale of plant and equipment	663	40
Increase in investments portfolio	(6,500,000)	(14,155,305)
Proceeds on maturity of investments	2,009,445	-
Interest paid from investment receipts	(1,153)	-
Interest received on investments	<u>417,521</u>	<u>1,528,531</u>
Net cash used in investing activities	<u>(4,261,159)</u>	<u>(12,939,590)</u>
Cash Flows from Financing Activities		
Repayment of the Government of Barbados Loan	<u>(3,750,000)</u>	-
Net cash from financing activities	<u>(3,750,000)</u>	-
Net increase (decrease) in cash and cash equivalents	<u>1,869,331</u>	<u>(3,747,370)</u>
Cash and cash equivalents - beginning of year	<u>3,068,989</u>	<u>6,816,359</u>
Cash and cash equivalents - end of year	\$ <u>4,938,320</u>	<u>3,068,989</u>

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

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(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 August 31, 2021.

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.

Impairment of financial assets

Please refer to significant accounting policy note 2(f).

(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.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(c) Foreign currency translation ...continued

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\$).

(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 90 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

COVID-19 considerations

There is no significant risk over this account however, there has been reduced cash flows due to collectability during the COVID-19 pandemic.

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

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(f) Financial instruments

COVID-19 considerations

Due to the pandemic, the Fund had to make a few changes to its business model which in turn will impact the credit risk that arises from the transactions that it enters into, and the way it manages those risks in the next year. For example, changes to the repayment terms and conditions of outstanding loans from the usual debt collection processes will impact its asset base.

The Fund has a marginally increased credit risks due to the impact of the present economic conditions being experienced by borrowers resulting from the pandemic. The Fund has extended several accommodations for debt relief to customers such as deferred payments, suspension of interest, reduced payments, interest and insurance only payments, graduated payments and Loan Restructure/Consolidation.

In its forward-looking perspective, the Fund does not anticipate requiring government intervention and believes that there will be a return to longer-term 'normal' economic trends.

Transition disclosures

In 2014, the IASB issued IFRS 9, Financial Instruments replacing IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets, forward-looking 'expected credit loss' model ("ECL model") for assessing the impairment of financial assets and a new general hedge accounting model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. This is the year of transition for the Fund as IFRS 9 was not previously adopted. The Fund implemented IFRS 9 effective April 1, 2019 with comparative implications to the carrying amounts of the financial assets and liabilities at the date of transition being adjusted through its Statement of Changes in Fund.

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

For the year ended March 31, 2021

(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 and
- 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 through 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 and
- 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.

The table below explains the original measurement categories under IAS 39 and the new categories under IFRS 9 for each class of the Funds financial assets and financial liabilities:

	Classification Under IAS 39	Classification Under IFRS 9
Financial Assets		
Cash and cash equivalents	Loans and Receivables	Amortised Cost
Investments	Held to Maturity	Fair Value through OCI
Receivables	Loans and Receivables	Amortised Cost
Student Loans Receivable	Loans and Receivables	Amortised Cost
Financial Liabilities		
Accounts payable and accrued expenses	Amortised Cost	Amortised Cost
Advances from the Government of Barbados	Amortised Cost	Amortised Cost

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(f) Financial instruments ...continued

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.

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

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(f) Financial instruments ...continued

Derecognition ...continued

Financial liabilities

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. 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.

(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.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(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.

(i) Impairment of Financial Assets

Allowance for loan losses

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.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(i) Impairment of Financial Assets...continued

Allowance for loan losses ...continued

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 has adopted the IFRS 9 model which is defined in Stages using an assessed Probability of Default rate (PD rate). This rate is a measure of the level of the likelihood that borrowers will default on their loan. A loan is considered to be in a state of default under of the following circumstances:

- The loan is past due for 90 days or more;
- There is evidence that the loan is impaired;
- Transition may be influenced by the passage of maturity.

The IFRS 9 Stages are defined as Stage 1, Stage 2 and Stage 3, and all loans are classified to their respective Stages as follows:

Stage 1

- Loans for which there is no evidence of a significant increase in credit risk since the origination date;
- Loans that are due to mature within 12 months of reporting date providing that such loans are not in a state of default.

Stage 2

- Loans past due between 30 to 89 days;
- Loans that experienced a significant increase in credit risk even if the 30 days past due days threshold is met.

Stage 3

- Loans that are past due 90 days and over;
- Loans for which the maturity date has elapsed – subject to date quality review;
- Loans that show evidence of impairment even if the 90 days past due threshold is not.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(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, 2021 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:

- Annual Improvements to IFRS Standards 2018 – 2020 – effective January 1, 2022
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use – effective January 1, 2022
- Amendments to IFRS 3 - Reference to the Conceptual Framework – effective January 1, 2022
- Amendments to IAS 1 – Classification of liabilities as current and non-current – effective January 1, 2023
- IFRS 17 – Insurance Contracts – effective January 1, 2023
- Amendments to IAS 8 – Definition of Accounting Estimate – effective January 1, 2023

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

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 – Definition of a Business
- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

(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 resulting from past service provided by the employee and if the obligation can be estimated reliably.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

2. Significant Accounting Policies ...continued

(n) Employee benefits ...continued

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. The Fund incurred the following in pension expense as at March 31, 2021.

	<u>2021</u>	<u>2020</u>
Pension expense	\$ 72,537	68,620
Gratuity	<u>-</u>	<u>65,283</u>
	<u>\$ 72,537</u>	<u>133,903</u>

Long-term pension benefits occur when an employee reaches the retirement age of 60 for Commercial State-Owned Enterprises who are responsible for direct payment to the employee. On retirement, most employees opt for a mixed set of benefits consisting of gratuity which is a lump sum payment, and monthly pension payments. Calculations for all public service pension benefits are the responsibility of the Treasury's Pension Department, Government of Barbados. At March 31, 2021, the Fund incurred the payment of pension benefits to three (3) employees in the amount of \$72,537 during the year.

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, its investments, 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>2021</u>	<u>2020</u>
Total Liabilities	\$ 3,543,225	7,057,232
Total Equity	\$ 58,343,698	58,343,698
Net debt to equity ratio	0.06:1	0.12: 1

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

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 and
- Charges over financial instruments such as debt securities and equities

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

The maximum credit risk exposure is as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,938,320	3,068,989
Investments	42,076,821	36,558,002
Staff loans	108,393	57,881
Receivables	116,044	152,148
Insurance receivable	594,259	669,881
Student loans receivable (ii)	<u>39,436,237</u>	<u>44,754,735</u>
	<u>\$ 87,270,074</u>	<u>85,261,636</u>

- (i) As at March 31, 2021, the Fund holds \$17,232,256 (2020: \$16,403,084) in Government of Barbados debt securities representing 41% (2020: 45%) 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, 2021 and 2020, without taking account of any collateral held or other credit enhancements attached.

Credit quality of student loan receivable

For the year ended March 31, 2021, the Fund transitioned from its internal policy assessment of the credit risk associated with the Loans Receivable portfolio to IFRS 9 reporting standard. As a result, the Fund has restated the FY2020 and FY2021 Loans Receivable portfolios based on the following assumptions and measurements:

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Credit risk ...continued

Credit Risk Measurement - ECL

The Fund recognises an expected credit loss (ECL) on loans in accordance with the IFRS 9 Expected Credit Loss (ECL) impairment framework. The estimation of the ECL considers past events, current conditions and forecast information. The Fund determines the economic variables that are likely to influence the borrowers' ability to meet their loan obligations in the future and incorporate such forward-looking economic information in the overall estimation of the expected credit loss. Additionally, the Fund updates the amount of ECL recognised at each reporting date to reflect changes in credit risk of the loan portfolio.

Measurement & Classification

Loans are held solely for the collection of principal and interest in accordance with the contractual arrangement between the organization and the borrower. Therefore, loans are classified under the hold to collect business model and are measured at amortized cost.

Significant Increase in Credit Risk

The Fund assesses the credit risk of loans annually to determine whether there is a significant increase in the credit risk from the loan origination date to the date reporting date. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and expert credit assessment.

Quantitative Assessment of Significant Increase in Credit Risk

A loan is considered to have experienced a significant increase in credit risk where the loan is past due for a period greater than 30 days.

Qualitative Assessment

A loan is deemed to have experienced a significant increase in credit risk if the risk of default at the reporting date is significantly greater than the risk of default at the origination date. Forward-looking events that are likely to materially impact the borrower's ability to meet the loan obligations are deemed to have resulted in a significant increase in credit risk. If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Loan Staging and Transition

Loans are placed in one of the following stages based on the extent of the change in the risk or whether the loan is in a state of default:

Stage 1: Loans that experienced no significant increase in credit risk at the reporting date;

Stage 2: Loans that have experienced a significant increase in credit risk or

Stage 3: Loans that are impaired. Loans that are past due for a period of 90 days or more are deemed to have defaulted.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD.

Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

The FLI adjustment factor is applied to the ECL calculated above.

Definition of Default

The Fund considers a financial asset to be in default when:

The borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); the borrower is more than 90 days past due on any material credit obligation to the Fund; or it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Probability of Default

The Fund uses available and supportable information to estimate the probability that a loan will default within the next twelve (12) months and shall estimate a twelve-month probability of default rate.

Where a loan has experienced a significant increase in credit risk and was consequently transitioned to Stage 2, the Fund forecasts the probability that such loan will default at any time during its remaining life and estimates a lifetime probability of default.

A loan that has been transitioned to Stage 3 is considered to be in a state of default and shall be assigned a PD rate of 100%.

The Fund estimates the impact of forward-looking macro-economic indicators in relation to the probability that borrowers will default. The impact of these factors shall be included in the estimation of the overall PD rates.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Forward Looking Indicators

The Fund incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of These indicators are broadly outside of the control of borrowers but may have a direct impact on their ability to service their debts at any point in time in the future.

The Fund uses a forward-looking score card model that produces an FLI multiplier. This is an estimate the impact of future economic conditions on the organizations expected credit loss.

The following assumptions are taken into consideration in the score card model:

1. Key macro-economic variables simultaneously play a role in impacting the overall state of the economy at varying degrees.
2. The probability of default is higher in a weak economic environment but lower in a strong economic environment.
3. Weights are assigned to the respective economic variables based on the degree of impact that management estimate each variable will have on the expected credit loss.

Key Macro-economic Variables

The Fund takes into consideration the possible impact that macro-economic variables could have on the overall estimate of a forward-looking probability of default rate. The variables to be considered may include but not limited to the following:

Inflation: Increase in inflation usually adversely impacts the borrowers' disposable income. Therefore, rising inflation is generally expected to lead to higher probability of defaults.

Interest Rate: Interest rate is a measure of the price charged to a borrower for the use of funds. The degree of difficulty to finance debt obligations becomes greater when interest rates are rising. This is expected to result in a higher probability of default.

Unemployment: High unemployment is usually the result of a downturn in the economy. The probability of default is expected to increase in an environment of rising unemployment.

Gross Domestic Product (GDP): The GDP is a good measure of the overall state of the country's economy. A rising GDP is usually the effect of key economic variables moving in a favourable direction. The risk of borrowers defaulting on their loan obligations tends to decrease in an economy with rising GDP rates.

Weights are assigned to the respective economic variables, on the basis of expert judgment, based on the degree of influence that each variable is presumed to have on the borrowers' overall likelihood of default.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Variable	Weight
Inflation	20%
Interest Rate	25%
GDP	25%
Unemployment	30%
Total	100%

Outlook Scenarios

The Fund uses three scenarios to predict the impact of forward-looking indicators on the expected credit loss as follows:

Base case - a scenario assuming stable economic variables. Projections are based on current levels and trends of the 4 input variables.

Upside - a scenario assuming strong economic conditions above baseline projections. This scenario will result in favourable PD estimate relative to the baseline.

Downside - a scenario assuming weak economic conditions below baseline projections. This scenario will result in unfavourable PD estimate relative to the baseline.

Scenarios were assigned weights as outlined below based on their likelihood of occurrence. This was on the basis of expert judgement.

Scenarios	Weight
Base	50%
Upside	20%
Downside	30%
Total	100%

The Fund uses its best judgement to assign weights to each scenario based on their likelihood of occurrence.

Covid-19 Considerations

The Fund takes into account the impact of the prevailing Covid-19 Pandemic in the assessment of the forward-looking indicators and consequently the estimation of the ECL. These considerations include the predictions from the Central Bank as well as key partners such as the International Monetary Fund (IMF). The pace of vaccinations in the country is also considered by the Fund as a significant indicator of the future state of the economy. It is the view that with a vaccination rate of nearly twice the global average, the country is on track to herd achieving immunity within the next twelve months and consequently a relative safe reopening of the economy. This is likely to temper the adverse effect that Covid-19 could have on the economy within the twelve months period.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Loss Given Default

LGD is the magnitude of the likely loss if there is a default. The amount owed by the borrower and the cash that may be realised from the disposal of any collateral pledged against the loan shall be taken into consideration in the estimation of the LGD.

The LGD shall be taken as zero percent (0%) where the cash realizable value of the collateral is greater than the exposure at default. The Fund considers the following in the assessment of the cash realizable value of the collateral:

1. Estimated collateral value at reporting date
2. Average Loan Lifetime
3. Average "hair cut" rate
4. Average cost of disposal
5. Average time to disposal of the collateral
6. The degree of difficulty of disposing the collateral
7. Impact of forward- looking information on collateral values

Given that the value of the underlying collateral may appreciate or depreciate over time, the Fund uses reasonable available information to derive an estimate of the collateral value at the reporting date on the following basis:

1. Information provided in the most recent investment statement or valuation report where such report is available
2. Where there is passage of time between the date of the last valuation and the reporting date, management shall estimate the collateral value by way of applying a reasonable rate of appreciation or depreciation to the last know value in accordance with the nature of that asset to appreciate or depreciate over time.

The Fund accounts for the extent to which a discount may be given for forced (quick) sale of the underlying asset. The experience of the Fund in relation to past disposals of similar assets may be used to determine the haircut rates for the relevant classes of assets. The Fund also uses available information to ascertain the average cost of disposal of the underlying asset in the estimation of the asset's cash realizable value.

Exposure at Default

The Exposure at Default (EAD) represents the balance owing to the Fund at the point at which a default occurs. Where a loan enters the lifetime stage, the Fund estimates the EAD at twelve (12) month intervals during the remaining life of the loan. This is on the presumption that a default could occur at any time during the remaining lifetime given that a significant increase in credit risk would have occurred.

The exposure of default shall include any outstanding interest on loans providing that such outstanding interest is considered in the calculation of the interest income of the organization.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Exposure at Default ...continued

As described above, and subject to using a maximum of a 12-month PD for the Loan Receivable portfolio considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, the repayment structure is managed on a collective basis between the Legal and Collections Units, and to a lesser extent the Loans Unit. The Fund can cancel loans with immediate effect, but this contractual right is not enforced in the normal day-to-day management, but only when the Fund becomes aware of an increase in credit risk. Categorization of loans therefore depended largely on arrears over 90 days and the security attached to each loan. The resulting calculations are as follows:

Expected Credit Loss (ECL)

The ECL at March 31, 2021 amounted to \$45,430,658 in comparison to the ECL for FY2020 of \$50,153,090. Unsecured loans accounted for 90% of the overall ECL with loans in Stage 3 making up 66% of the provision.

Probability of Default (PD)

- The Stage 1 PD for 2021 was 28.71% falling slightly from FY 2020 (29.68%).
- A PD of 100% is applied to Stage 3 loans.
- A six (6) year analysis from 2016 – 2021 was analyzed in assessing the PDs.

Recovery Rate

It was observed that 26% of non-performing loans referred for legal action were recovered. This was deemed the average recovery rate and was used towards the ECL calculation for unsecured loans in arrears below 90 days. This equates to a 26% reduction to the Stage 1 PD for these loans.

The Fund's loans and advances portfolio as at March 31, 2021 are in the following staging categories:

2021	Stage 1	Stage 2	Stage 3	Total
Gross Loans Receivable	\$50,746,735	\$4,119,148	\$28,540,684	\$83,406,567
Expected Credit Loss	(13,719,236)	(1,887,691)	(28,363,403)	(43,970,330)
Net Loans Receivable	\$37,027,499	\$2,231,457	\$177,281	\$39,436,237

The Fund's loans and advances portfolio as at March 31, 2020 are in the following staging categories:

2020	Stage 1	Stage 2	Stage 3	Total
Gross Loans Receivable	\$56,542,667	\$3,145,680	\$33,131,703	\$92,820,031
Expected Credit Loss	(14,063,194)	(1,554,071)	(32,448,031)	(48,065,296)
Net Loans Receivable	\$42,479,473	\$1,591,590	\$693,672	\$44,754,735

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

3. Financial Risk Management ...continued

Liquidity risk

COVID-19 considerations

The largest liquidity risk exposure for the Fund would lie in its investment portfolio and the market rate of return on investments. To date, these have been managed by review of the investment companies' audited financials and whether the rate of return is constant or declining based on market conditions. During the pandemic period, this return rate has remained constant or increased, and interest payments have been secure.

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.

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 \$1,293,225 (2020: \$1,057,232), and the CDB principal of \$2,250,000. As at the similar date the Fund had \$4,938,320 (2020: \$3,068,989) 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 2021: 258 (2020: 228) loans with a carrying value of 2021: \$7.07 (2020: \$7.80) 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 the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

4. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
Cash in hand	\$ 9,140	9,140
Cash at bank	<u>4,929,180</u>	<u>3,059,849</u>
	<u>\$ 4,938,320</u>	<u>3,068,989</u>

5. Investments

	<u>2021</u>	<u>2020</u>
Capita Financial	\$ 8,497,723	5,899,589
Consolidated Finance	8,060,217	8,000,000
SigniaGlobe	8,050,000	6,050,000
Gov't Bonds - Series D (Note 13)	7,038,148	6,678,783
Gov't Bonds - Series B (Note 13)	10,194,107	9,724,302
Accrued Interest	<u>236,626</u>	<u>205,328</u>
	<u>\$ 42,076,821</u>	<u>36,558,002</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>2021</u>	<u>2020</u>
Other receivables	\$ 116,044	152,148
Prepaid expenses	<u>54,576</u>	<u>54,779</u>
	<u>\$ 170,620</u>	<u>206,927</u>

7. Insurance Receivable

	<u>2021</u>	<u>2020</u>
Insurance receivable, gross	\$ 594,259	669,881
Allowance for uncollectible insurance	<u>(308,484)</u>	<u>(344,209)</u>
Insurance receivable, net	<u>\$ 285,775</u>	<u>325,672</u>

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

7. Insurance Receivable ...continued

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

	<u>2021</u>	<u>2020</u>
Balance – beginning of year	\$ 344,209	249,033
Write-offs against the provision	(27,261)	77,809
Change during the year	<u>(8,464)</u>	<u>17,367</u>
Balance – end of year	\$ <u>308,484</u>	<u>344,209</u>

8. Student Loans Receivable

In compliance with IFRS 9 for the provisioning of loan losses, the Fund has revised FY2020 as the starting point for the new implementation of assessing the credit risk on the Loans Receivable portfolio. As a consequence, the FY2020 figures have been restated on the current financials.

	<u>2021</u>	<u>2020</u>
Student loans receivable, gross	\$ 83,406,567	92,820,031
Expected Credit Loss	<u>(43,970,330)</u>	<u>(48,065,296)</u>
Student loans receivable, net	\$ <u>39,436,237</u>	<u>44,754,735</u>

The balance of student loans receivable of \$83,406,567 (2020: \$92,820,031) 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.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

8. Student Loans Receivable...continued

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

	<u>2021</u>	<u>2020</u>
Disbursements	\$ 4,106,799	6,193,676
Adjustments	(1,416)	(35,679)
Interest	<u>4,002,939</u>	<u>6,806,307</u>
	8,108,322	12,964,304
Deduct:		
Direct write-offs	-	(8,170)
Repayments	<u>(15,977,881)</u>	<u>(17,365,562)</u>
	(7,869,559)	(4,409,428)
Decrease (increase) in allowance for loan losses	<u>2,551,061</u>	<u>22,028,338</u>
(Decrease) in student loans receivable	\$ <u>(5,318,498)</u>	<u>(26,437,766)</u>

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

	<u>2021</u>	<u>2020</u>
Balance – beginning of year	\$ 48,065,296	33,764,043
Direct write-offs to the provision account	(1,543,905)	(7,727,085)
(Decrease) Increase during the year	<u>(2,551,061)</u>	<u>22,028,338</u>
Balance – end of year	\$ <u>43,970,330</u>	<u>48,065,296</u>

9. Commitments

As at March 31, 2021, loans approved but not yet disbursed amounted to \$4,763,972 (2020: \$5,958,003)

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

10. Advances from the Government of Barbados

	<u>2021</u>	<u>2020</u>
Advances from the Government of Barbados	\$ <u>2,250,000</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 was 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 was to assist in the financing of a consultancy to undertake an independent diagnostic review of the Fund. The Fund only withdrew fund up to US\$3,000,000 from the lending facility.

Originally, an On-Lending Agreement had been approved by the Cabinet of Barbados on June 20th, 2019, between the Government of Barbados and the Student Revolving Loan Fund regarding the loan. The Government of Barbados would fully service the CDB loan to maturity, and the Student Revolving Loan Fund will reimburse the Government of Barbados. Further to this, an amended Cabinet of Barbados directive was issued at its meeting held on September 10th, 2020, Note (20) 867/METVT 76 which agreed to:

- (1) The cancellation of the lending agreement between the Caribbean Development Bank, Government of Barbados and the Student Revolving Loan Fund in order to provide for the repayment of US\$3.0M to the Government of Barbados.
- (2) The reduced loan amount of US\$3.0M would have to be repaid in eight (8) equal instalments of US\$375,000 commencing November 2020.
- (3) The undisbursed proceeds of the Caribbean Development Bank's loan to the Student Revolving Loan Fund of US\$4.75M should be cancelled.
- (4) An amended Agreement should be put in place between the Caribbean Development Bank, Government of Barbados and the Student Revolving Loan Fund that would allow the Student Revolving Loan Fund to repay the loan and to cancel the undisbursed amount of US\$4.75M.

The On-Lending agreement has not yet been received by the Fund, however payment US\$1.875M has been repaid to March 31, 2021.

Student Revolving Loan Fund

Notes to the Financial Statements

For the year ended March 31, 2021

(Expressed in Barbados dollars)

11. Transactions with key management personnel

a) Key management personnel compensation

		<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$	287,090	288,333
Management committee members fees	\$	7,640	7,600

b) Loans to management

The amount due from management for loans as at March 31, 2021 was as follows

		<u>2021</u>	<u>2020</u>
(1) Vehicle Loans	\$	14,167	24,167
(2) Other Staff Loans	\$	11,566	-

(1) No interest is payable on the vehicle loan and the loan is repayable 5 years after the disbursement date.

(2) Interest rate on other staff loans is 2% and repayable up to 3 years.

Student Revolving Loan Fund

Notes to the Financial Statements (continued)

For the year ended March 31, 2021

(Expressed in Barbados dollars)

12. Plant and Equipment

		<u>Furniture and Fittings</u>	<u>Motor Vehicles</u>	<u>Computer Equipment</u>	<u>Leasehold Improvement</u>	<u>Total</u>
Cost						
Balance at April 1, 2019	\$	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	\$	<u>559,946</u>	<u>76,574</u>	<u>683,035</u>	<u>502,716</u>	<u>1,822,271</u>
Balance at April 1, 2020	\$	559,946	76,574	683,035	502,716	1,822,271
Additions		20,785	-	84,941	81,909	187,635
Disposals		-	-	(11,803)	-	(11,803)
Balance at March 31, 2021	\$	<u>580,731</u>	<u>76,574</u>	<u>756,173</u>	<u>584,625</u>	<u>1,998,103</u>
Accumulated Depreciation						
Balance at April 1, 2019	\$	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	\$	<u>449,815</u>	<u>31,821</u>	<u>533,412</u>	<u>318,692</u>	<u>1,333,740</u>
Balance at April 1, 2020	\$	449,815	31,821	533,412	318,692	1,333,740
Charge for the year		32,215	15,315	76,854	50,234	174,618
Disposals		-	-	(11,803)	-	(11,803)
Balance at March 31, 2021	\$	<u>482,030</u>	<u>47,136</u>	<u>598,463</u>	<u>368,926</u>	<u>1,496,555</u>
Net Book Value						
Balance at March 31, 2020	\$	<u>110,131</u>	<u>44,753</u>	<u>149,623</u>	<u>184,024</u>	<u>488,531</u>
Balance at March 31, 2021	\$	<u>98,701</u>	<u>29,438</u>	<u>157,710</u>	<u>215,699</u>	<u>501,548</u>

Student Revolving Loan Fund

Notes to the Financial Statements (continued)

For the year ended March 31, 2021

(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.

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.

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, 2021, an impairment of \$3,236,869 was recorded for all the treasury bills held.

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, 2021

(Expressed in Barbados dollars)

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

The carrying value of each bond series is noted as:

	<u>2021</u>	<u>2020</u>
Amortization - Series B	\$ 7,038,148	6,678,783
Amortization – Series D	<u>10,194,107</u>	<u>9,724,301</u>
Total Amortization	\$ <u>17,232,255</u>	<u>16,403,084</u>

14. Subsequent Events

Despite the many challenges experienced during the financial year ended March 31, 2021 due to the COVID pandemic, the Fund remains buoyant and fully functional with many staff working remotely.

- (1) During the year, the Fund offered several accommodations to borrowers ranging from deferral of payments, suspension of interest, suspension of late payment fees and reduced payments which should have ended at March 31, 2021. The Management Committee has extended these accommodations until September 2021.
- (2) There continues to be increased demand for the newly introduced Digital Transformation Loans and TopUP Loans. New loan offerings are anticipated.
- (3) The current investment portfolio has a current cumulative value of \$42M. There will be purchases of further investment in 2022, with an anticipated purchase of \$2M in Boss bonds.
- (4) The Fund continues to innovate its processes via digitization. A continual review of all the processes are being undertaken to further facilitate electronic transactions.
- (5) The review of the Fund's new Terms and Conditions, proposed Pension Plan and Implementation of the Strategic plan continues to be a work in progress. It is anticipated that implementation will begin before the end of the financial year ended March 31, 2022.

SRLF in the Community

2020 was a uniquely challenging year where compassion made a big difference in a lot of people lives. The pandemic left many unemployed and unable to meet their basic needs placing a significant financial and emotional burden on many. The Student Revolving Loan Fund through various initiatives imagined and pursued by staff, did what it could to help ease the burden of Barbadians while boosting staff morale. Along with granting relief options for those in repayment, the Fund also reached out to the community to offer further relief for the needy while spreading joy and raising awareness for worthy causes.

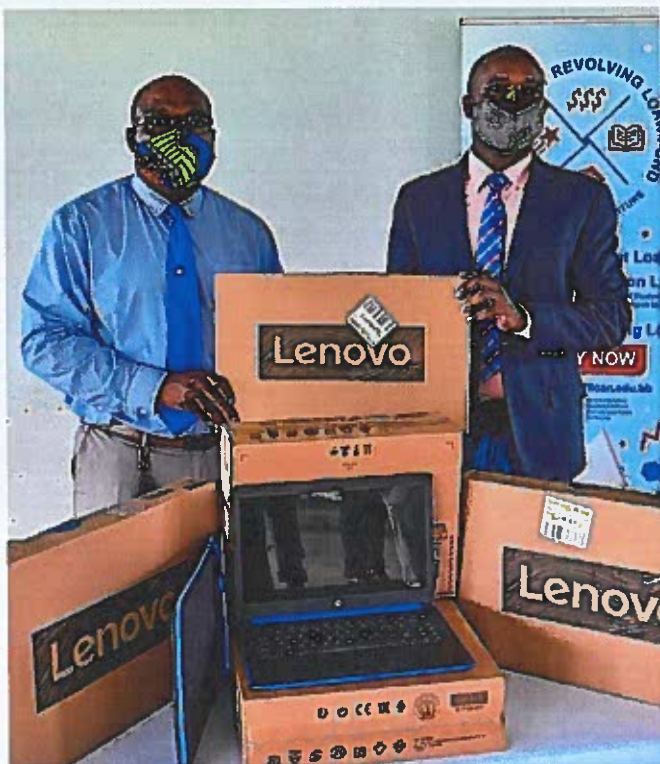
DONATION OF LAPTOPS

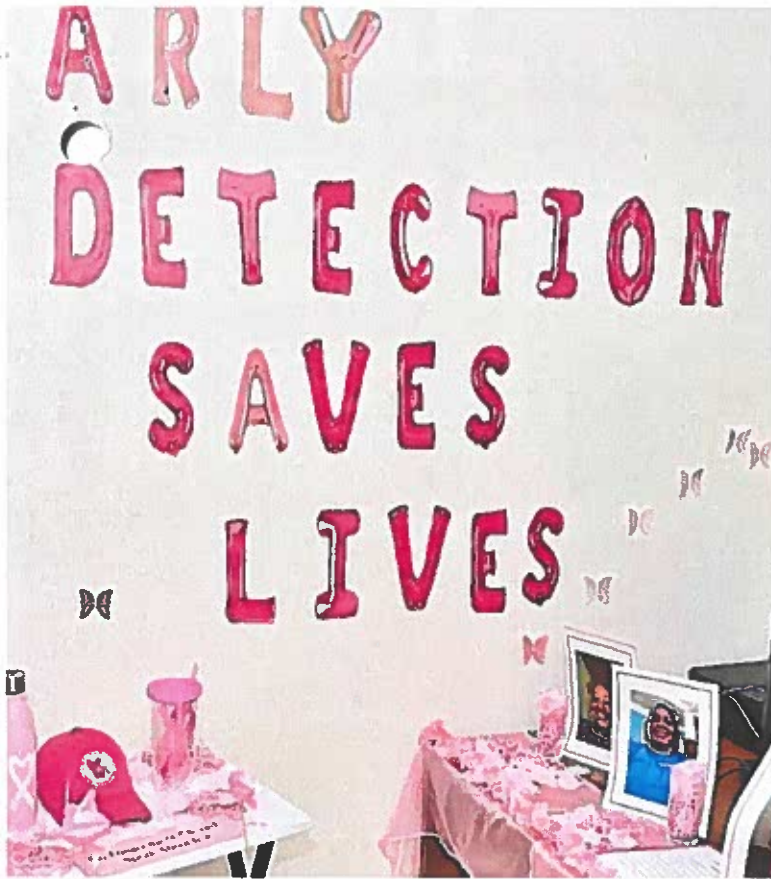
The Covid -19 pandemic created major challenges for the traditional delivery of education at all levels. The swift digitization of the process highlighted the vulnerability of poor students with limited to no access to equipment needed for online learning. The Minister of Education, Technological and Vocational Training, Santia Bradshaw, reassured Barbados that Government would do all it can to ensure no child is deprived of obtaining quality education during the COVID-19 pandemic. The Student Revolving Loan Fund recognizing its important role in the education of Barbadians stepped to the plate by contributing 90 laptops valued at approximately \$100,000 to the Ministry for distribution to our most needy students. This investment in the future of our students was seen as critical by staff and the management committee.

According to Senator Dr Romel Springer, Parliamentary Secretary in the Ministry of Education ...the \$100, 000 in laptops would go a long way to assist those who need it, as the ministry seeks to provide electronic devices to students “from needy or indigent households”.

BREAST CANCER AWARENESS MONTH OCTOBER 2020

For this activity, we engaged in an interdepartmental competition highlighting Breast Cancer survivors, they shared their stories, and the office was decorated by staff members over the weeks leading up to the Grand Finale. The competition was judged by the Honorable Minister of Education herself. The Loans Unit emerged victorious, and the funds paid by the employer were donated to the Barbados





Cancer Society. We also got contribution tins from the Society which were also filled with donations from internal and external customers and returned with the contribution from Team SRLF.

INDEPENDENCE CELEBRATIONS

During this month, we celebrated our culture. Each week we prepared Bajan delicacies for consumption by staff on Fridays, decorated the office in our traditional colors and had a themed Friday. The first and last Fridays were Jeans days. Back To School and Wear your parish Color were the two themed Fridays for weeks 2 and 3, respectively. During this month, we reached out to a non-governmental organization and fed some less fortunate individuals. The group feeds breakfast in Oistins and we were happy to provide the breakfast for them on that Saturday morning.

FINALLY IN DECEMBER

Santa's elves were busy at SRLF. We partnered with the Ministry of Education internal and external customers and brought joy to some children identified as less fortunate. The gifts were bought and wrapped during the month and were presented to the Ministry of Education's psychologist for distribution on December 19, 2020.

All activities were well organized by staff and the entire experience was a real inspiration to staff who had been on lockdown and were very happy and enthusiastic to join in.

In the future we intend to expand on these activities and ventures that help our fellow Barbadians. Even through challenging times the staff of the Student Revolving Loan Fund turn up and work together with enthusiasm, whether it is to help a customer in our daily duties or to go the extra mile to help those we may never meet directly.



It was a seamless and straight forward process in the office and the rest of the time made it possible for me to graduate on time without delaying the completion of each semester to even get my foot in the door of the university. Receiving my Bachelors in Electrical Engineering along with high work ethic have allowed me to pay the interest rate on the student revolving loan monthly amount. My advice to future students is valuable to the market in order to

My experience with Student Revolving Loan was a straightforward and hassle-free process. I first connected with them to finance my studies at the University of the West Indies, Cave Hill Campus and I never had to contact them again. The process was once all I had acquired the necessary documentation.

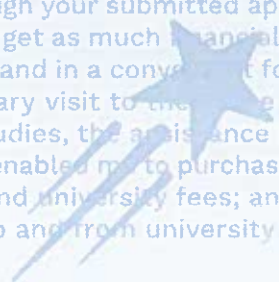
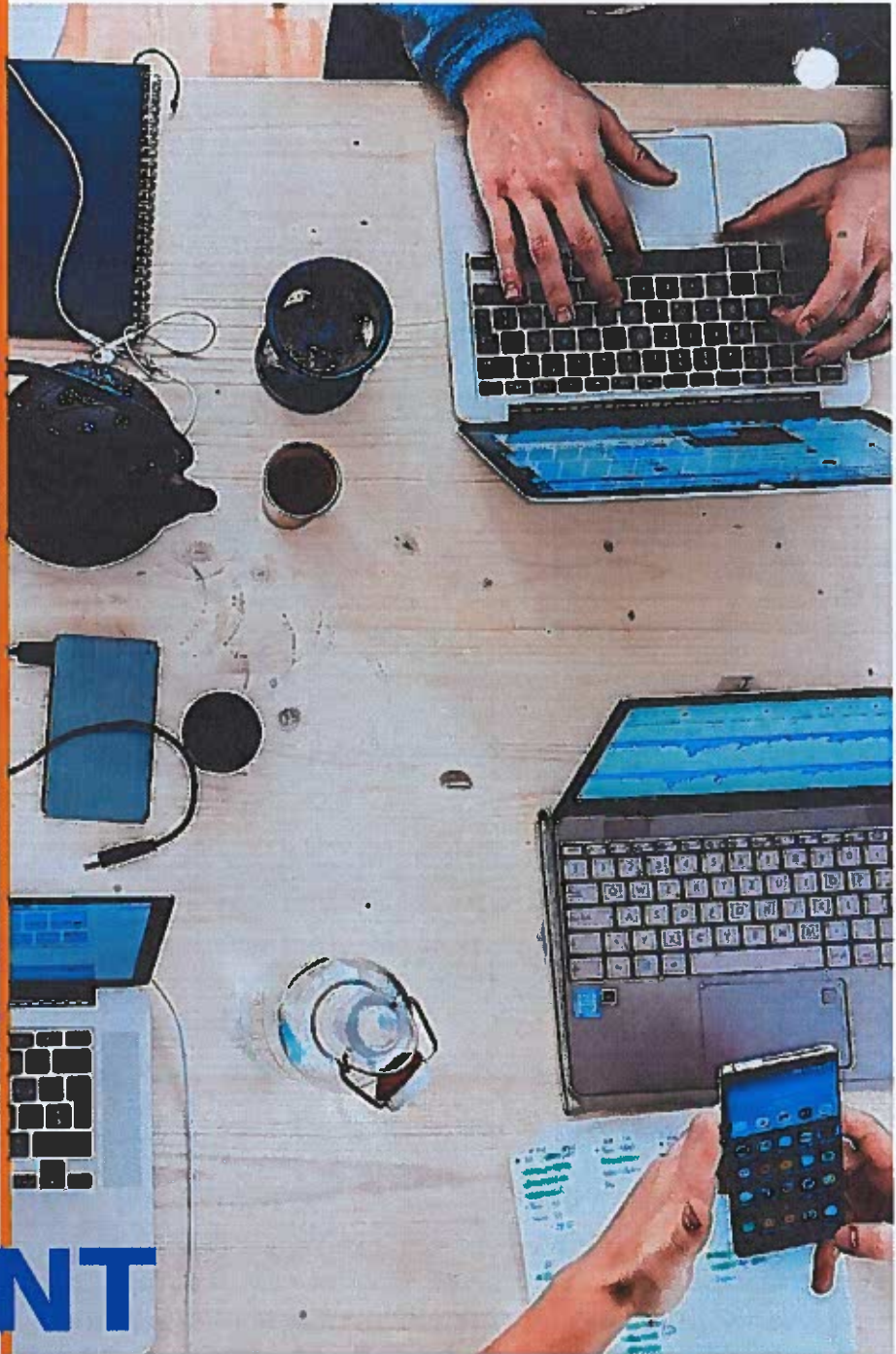
...continue providing financial support for the course of my studies. On completion of my studies, thanks to SRLF financial support, the process is very convenient; with multiple options to choose the best one suited to your needs. We will continue providing financial support for

My experience with Student Revolving Loan was a straightforward and hassle-free process. I first connected with them to finance my studies at the University of the West Indies, Cave Hill Campus and I never had to contact them again. The process was once all I had acquired the necessary documentation. SRLF provided me with the necessary support to focus my efforts solely on my studies. Knowing that I had the financial support to focus my efforts solely on my studies, the value I got from my 3 years at Cave Hill was immense. I really appreciated that. Ultimately, I received a BSc. in International Relations with Honours and was a Valedictorian for that year. The work I did during my choice of study allows me to make a positive impact to enter into the International Development Studies program at UNICEF. It is also funding my MSc. candidate in Climate Change and Environmental Change for my island and the Caribbean region. My experience with Student Revolving Loan was a straightforward and hassle-free process. I first connected with them to finance my studies at the University of the West Indies, Cave Hill Campus and I never had to contact them again. The process was once all I had acquired the necessary documentation. SRLF provided me with the necessary support to focus my efforts solely on my studies. Knowing that I had the financial support to focus my efforts solely on my studies, the value I got from my 3 years at Cave Hill was immense. I really appreciated that. Ultimately, I received a BSc. in International Relations with Honours and was a Valedictorian for that year. The work I did during my choice of study allows me to make a positive impact to enter into the International Development Studies program at UNICEF. It is also funding my MSc. candidate in Climate Change and Environmental Change for my island and the Caribbean region.

STUDENT TESTIMONIALS

CONTINUED

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My experience with The Student Revolving Loan Fund has been a straightforward and hassle-free one. I first connected with them to finance my undergraduate studies at the University of the West Indies, Cave Hill Campus and recall it being a relatively smooth process once I had acquired all the necessary documentation. I also recall being frequently kept up to date by the SRLF and never having to contact them about late payment to the university or anything of that nature. Knowing that I had the finance element of my studies taken care of by the SRLF, allowed me to focus my efforts solely on my academics and extra-curricular activities, maximizing the value I got from my 3 years at Cave Hill.

There is a certain peace of mind that comes with knowing that you do not have to worry about how you will fund the next semester or school year and I really appreciated that. Ultimately, I was able to come away from UWI Cave Hill with a BSc. in International Relations with Management (First Class Honours) and as one of two Valedictorians for that year. The world we live in today is interconnected in so many ways and my choice of study allows me to make sense of it.

My education has laid a foundation for me to enter into the International Development field, as I currently work with the United Nations Children's Fund (UNICEF). It is also fueling my ambition to further my studies, as I am currently a MSc. candidate in Climate Change and Development. The hope is that I can impact meaningful change for my island and the Caribbean region in these key areas. My postgraduate study is being partially supported through a top-up loan from the SRLF and it is great being able to start my repayment now and not waiting until after I have finished my studies. Without a doubt, this is key to allowing other Barbadians to access loans in the future and attain success in their chosen academic and career pursuits.

—Tristan Ward
International Relations



My experience with The Student Revolving Loan Fund (SRLF) was positive from the start. Everyone I interacted with was knowledgeable, friendly and helpful, which made my loan process from application to approval fast and smooth.

After successfully completing my studies at the University of Manchester and upon returning to Barbados, I reached out to the SRLF to notify them that I had completed my programme. I was greeted by staff who were delighted with my success and was happy to assist me to the next phase. They took time to explain the repayment process, and the many easy and convenient ways to make payments, along with outlining resources available in case of difficulties.

Without the assistance of a loan from The Student Revolving Loan Fund, it would have been impossible to acquire the necessary funds to pursue my Masters in Organisational Psychology. My degree has opened many doors in the job market and has afforded me experiences in a number of areas which has led to both personal and professional growth.

The SRLF is a great choice for anyone interested in securing funds for their educational advancement. The Student Revolving Loan Fund is a well-established lender, with a great interest rate and flexible repayment options in a variety of educational programs. I would highly recommend The Student Revolving Loan Fund!

—Mariel M. Bascombe
Organisational Psychology



My experience with The Student Revolving Loan Fund was an excellent one. Firstly, the website was easy to navigate, and the application form was thorough. Secondly, staff was friendly and patient as they took the time to walk you through your submitted application and help you make any necessary adjustments to ensure that you get as much financial aid as possible. Thirdly, the disbursements were made in a timely manner and in a convenient form, eliminating the need to physically visit the office. Finally, any necessary visit to the office was met with helpful staff and prompt service.

Over the course of my studies, the assistance I received from The Student Revolving Loan Fund was paramount. The loan enabled me to purchase books and other necessary schooling materials; pay for living expenses and university fees; and most importantly, helped me purchase plane tickets so I could travel to and from university when necessary. The assistance from the loan allowed me to have peace of mind that the aforementioned

areas would be provided for, making it easier to focus solely on my studies and achieve the best results.

My career is very skill oriented and the more skills you have in the field, the more marketable you are. With the help of The Student Revolving Loan Fund, I was able to be a part of a program which trains its students to have the necessary basic skills to perform in the profession, as well as serves as a stable base on which more profession specific skills can be added. In addition, this skill base can allow me to move away from the profession into one similar or closely related.

The repayment of my loan began almost immediately after my first disbursement and due to that the balance is significantly lower now that my loan period is ending. This was achieved through the help of my family who paid as much as they could afford every month. I would advise future beneficiaries to commence their repayment soon after their first disbursement, if possible, with a fixed amount monthly and then increase the amount slightly if economical. This is beneficial as early and consistent repayment slowly reduces the final amount needed to be repaid by the beneficiary at the end of their loan period. In addition, repayment benefits future users of the fund and ensures that they too are able to receive assistance in order to pursue their dreams and aspirations.

—Shequone Benjamin
Radiography



It was a seamless and straight forward process. I was pleasantly surprise. I only had to go one time in the office and the rest of the process was online. The Student Revolving Loan Fund made it possible for me to graduate on time without having to worry about financial constraints delaying the completion of each semester. Without education it wouldn't have been possible to even get my foot in the door of the great companies I've had the pleasure of working with so far. Receiving my Bachelors in Electrical Engineering and Masters in Engineering Management along with high work ethic have allowed me to reach a Senior Engineering role faster than usual.

The interest rate on The Student Revolving Loan Fund was great, which resulted in a very reasonable monthly amount. My advice to future beneficiaries is that to ensure the degree you are pursuing is valuable to the market in order to ensure a high return on your educational investment. It is essential to always have a solid plan on how your degree will make it possible for you to pay back the loan before you jump in with the commitment.

—Mario Cummins
Engineer



The Student Revolving Loan Fund
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