

ASHESI UNIVERSITY COLLEGE

ANNUAL REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2020

**ASHESI UNIVERSITY COLLEGE
ANNUAL REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2020**

CONTENTS

	<u>Page</u>
Corporate Information	2
Report of the Directors	3
Independent Auditor's Report	5
Statements of Financial Position	8
Statements of Comprehensive Income	9
Statements of Changes in Equity	10
Statements of Cash Flows	11
Notes to the Financial Statements	12-45
Corporate Social Responsibilities	Appendix 1

ASHESI UNIVERSITY COLLEGE
CORPORATE INFORMATION

BOARD OF DIRECTORS

Patrick Awuah (President)
Pearl Esua-Mensah (Chairperson)
Tamar Di Franco
Yawa Hansen-Quao
Harriette Amissah-Arthur
Mona Boyd
Sangu Delle
Yaw Asare Aboagye
Abdul-Latif Issahaku

SOLICITORS

Bannerman-Richter Law offices
AB Executive and Law office
D583/4 SO, Liberia Road
P O Box MB 219
Accra

Bentsi- Enchill Letsa and Ankomah
1st Floor Teachers Hall Complex
Education Loop (off Barnes Road)
P. O. Box GP 1632
Accra

REGISTERED OFFICE

1 University Avenue, Berekuso
PMB CT 3, Cantonments
Accra
Ghana

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP242
Accra

BANKERS

Ecobank Ghana Limited
Guaranty Trust Bank Ghana Limited
Zenith Bank Ghana Limited

REPORT OF THE DIRECTORS TO THE MEMBERS OF ASHESI UNIVERSITY COLLEGE

The Directors present their report and the financial statements of the University for the year ended 31 December 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements, that give a true and fair view of Ashesi University College comprising the statement of financial position at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2019, (Act 992). In addition, the Directors are responsible for the preparation of the report of the Directors.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the ability of the University to continue as a going concern and have no reason to believe that the University will not be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework.

NATURE OF BUSINESS

The principal activity of the University is educating students from diverse cultures to achieve excellence in their intellectual and personal development.

There has been no change in the nature of business of the University during the year under review.

OWNERSHIP

The University is a company registered in Ghana as not-for-profit entity limited by guarantee with Ashesi University Foundation as a sole member. Ashesi University Foundation is a Not-for-profit organization registered in Washington, Seattle, United States of America.

FINANCIAL STATEMENTS REVIEW

The financial results of the University for the year ended 31 December 2020 are set out in the financial statements, highlights of which are as follows:

	2020 US\$	2019 US\$
Income from:		
Tuition fees	8,519,378	8,903,655
Grants	8,565,992	10,372,871
Surplus for the year	1,421,001	2,947,400
Total assets	63,652,831	52,440,492
Total liabilities	41,686,394	31,895,056
Total equity	21,966,437	20,545,436

The Directors consider the state of the University's affairs to be satisfactory.

**REPORT OF THE DIRECTORS TO THE MEMBERS OF
ASHESI UNIVERSITY COLLEGE
(CONTINUED)**

PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

No Director had any interest in contracts and proposed contracts with the University during the year under review, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act 2019, (Act 992).

CORPORATE SOCIAL RESPONSIBILITY

A total of US\$ 3,982,946 was spent on corporate social responsibility, with key focus on student scholarships, community and entrepreneurship projects.

Further information on corporate social responsibilities activities are set out in Appendix 1.

CAPACITY BUILDING OF DIRECTORS TO DISCHARGE THEIR DUTIES

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the University's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the University operates. Programmes of strategic and other reviews, together with the other training programmes provided during the year, ensure that Directors continually update their skills, knowledge and familiarity with the University's business. This further provides insights about the industry and other developments to enable them effectively to fulfil their role on the Board and committees of the Board.

AUDIT FEES

The audit fee for the year is US\$ 32,900.

APPROVAL OF THE REPORT OF THE DIRECTORS

The report of the Directors of Ashesi University College, was approved by the Board of Directors on

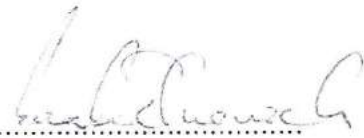
..20..January., 2022 and signed on their behalf by:



.....
SIGNATURE

Patrick G. Awuah Jr

.....
NAME OF DIRECTOR



.....
SIGNATURE

Jean Ewa-Memah

.....
NAME OF DIRECTOR



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
ASHESI UNIVERSITY COLLEGE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ashesi University College ("the University"), which comprise the statement of financial position at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 - 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the University at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2019, (Act 992).

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the University in accordance with the 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 financial statements in Ghana 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.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 2019 (Act 992), Corporate Information and Corporate Social Responsibility (Appendix 1) but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The University's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2019, (Act 992), and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the University or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the University's financial reporting process.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
ASHESI UNIVERSITY COLLEGE (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but 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.
- 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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the Directors' 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 University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University 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.

We communicate with the Directors 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 AUDITOR'S REPORT TO THE MEMBERS OF
ASHESI UNIVERSITY COLLEGE (CONTINUED)**

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act 2019, (Act 992) of Ghana.

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

The statements of financial position and statement of comprehensive income are in agreement with the accounting records and returns.

We are independent of the University under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

The engagement partner on the audit resulting in this independent auditor's report is **Evelyn Addico (ICAG/P/1478)**.

For and on behalf of:

KPMG: (ICAG/F/2022/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P. O. BOX GP 242

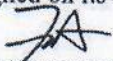
ACCRA

....., 2022

ASHESI UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	2020 US\$	Restated 31 December 2019 US\$	Restated 1 January 2019 US\$
ASSETS				
Property, plant and equipment	23	39,210,876	39,932,986	37,478,400
Intangible assets	24	<u>32,691</u>	<u>116,008</u>	<u>199,325</u>
Non-current assets		<u>39,243,567</u>	<u>40,048,994</u>	<u>37,677,725</u>
Short term investments	14	946,730	896,534	-
Accounts receivable	15	931,625	719,424	1,986,692
Inventories	16	118,748	30,953	32,326
Cash and cash equivalents	17	22,412,161	9,544,587	10,012,018
Other asset	27	=	<u>1,200,000</u>	<u>1,200,000</u>
Current assets		<u>24,409,264</u>	<u>12,391,498</u>	<u>13,231,036</u>
Total assets		<u>63,652,831</u>	<u>52,440,492</u>	<u>50,908,761</u>
EQUITY AND LIABILITIES				
Equity				
Accumulated fund	30	12,710,443	11,289,442	8,342,042
Revaluation reserve	31	<u>9,255,994</u>	<u>9,255,994</u>	<u>9,255,994</u>
Total equity		<u>21,966,437</u>	<u>20,545,436</u>	<u>17,598,036</u>
Deferred income	20	19,311,611	18,556,361	18,253,295
Loans and borrowings	21	<u>5,479,996</u>	<u>6,535,116</u>	<u>7,098,538</u>
Non-current liabilities		<u>24,791,607</u>	<u>25,091,477</u>	<u>25,351,833</u>
Accounts payable	18	1,009,613	593,109	794,439
Employee benefit obligation	19	173,948	-	-
Deferred income	20	14,692,957	5,493,003	6,282,556
Loans and borrowings	21	<u>1,018,269</u>	<u>717,467</u>	<u>881,897</u>
Current liabilities		<u>16,894,787</u>	<u>6,803,579</u>	<u>7,958,892</u>
Total liabilities		<u>41,686,394</u>	<u>31,895,056</u>	<u>33,310,725</u>
Total equity and liabilities		<u>63,652,831</u>	<u>52,440,492</u>	<u>50,908,761</u>

The financial statements were approved by the Board of Directors on 20TH JANUARY, 2022 and signed on its behalf by:



 SIGNATURE

Patrick G. Awuah Jr

 NAME OF DIRECTOR



 SIGNATURE

Pearl Koua-Mensah

 NAME OF DIRECTOR

Notes on pages 12 - 45 are an integral part of these financial statements.

**ASHESI UNIVERSITY COLLEGE
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 US\$	Restated 2019 US\$
Tuition fees	6	8,519,378	8,903,655
Grant income	8	8,565,992	10,372,871
Other income	7	<u>708,474</u>	<u>2,192,192</u>
Total income		<u>17,793,844</u>	<u>21,468,718</u>
Scholarship awards and donor expenses	9	(8,565,992)	(10,372,871)
General and administrative expenses	10	(2,491,572)	(3,207,549)
Salaries and benefits	12	(4,080,031)	(3,765,788)
Depreciation and amortization	11	(1,125,750)	(973,634)
Impairment loss on financial assets	26(c)	<u>(19,620)</u>	<u>(2,500)</u>
Total expenses		(16,282,965)	(18,322,342)
Net finance cost	13	<u>(89,878)</u>	<u>(198,976)</u>
Surplus for the year		<u>1,421,001</u>	<u>2,947,400</u>
Total Comprehensive Income		<u>1,421,001</u>	<u>2,947,400</u>

Notes on pages 12 - 45 are an integral part of these financial statements.

**ASHESI UNIVERSITY COLLEGE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Revaluation reserve US\$	Accumulated fund US\$	Total US\$
31-Dec-20			
Balance at 1 January	9,255,994	11,289,442	20,545,436
<i>Total comprehensive income</i>			
Surplus for the year	=	<u>1,421,001</u>	<u>1,421,001</u>
Total comprehensive income	=	<u>1,421,001</u>	<u>1,421,001</u>
Balance at 31 December	<u>9,255,994</u>	<u>12,710,443</u>	<u>21,966,437</u>
31-Dec-19			
Balance at 1 January	9,255,994	8,342,042	17,598,036
<i>Total comprehensive income</i>			
Surplus for the year (restated)	=	<u>2,947,400</u>	<u>2,947,400</u>
Total comprehensive income (restated)	=	<u>2,947,400</u>	<u>2,947,400</u>
Balance at 31 December	<u>9,255,994</u>	<u>11,289,442</u>	<u>20,575,136</u>

Notes on pages 12 - 45 are an integral part of these financial statements.

**ASHESI UNIVERSITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 US\$	Restated 2019 US\$
Cash flows from operating activities			
Surplus for the year		1,421,001	2,947,400
<i>Adjustments for:</i>			
Depreciation	11	2,042,551	1,574,813
Amortisation	11	83,317	83,317
Release of deferred income	21(c)	(8,468,264)	(10,399,359)
Interest income	13	(376,780)	(327,138)
Interest expense	13	466,658	526,114
Impairment loss on financial assets	26(c)	19,620	2,500
Unrealised exchange difference		<u>(27,560)</u>	<u>6,553</u>
		<u>(4,839,457)</u>	<u>(5,585,800)</u>
<i>Changes in:</i>			
Accounts receivable		(231,820)	1,620,496
Inventories		(87,795)	1,373
Accounts payable		416,505	(201,330)
Other assets		1,200,000	-
Employee benefit obligation		173,948	-
Deferred tuition fees		<u>(75,230)</u>	<u>98,796</u>
Cash used in operations		<u>(3,443,849)</u>	<u>(4,066,465)</u>
Interest paid	21(c)	<u>(433,474)</u>	<u>(536,498)</u>
Net cash used in operating activities		<u>(3,877,323)</u>	<u>(4,602,963)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	23	(1,320,441)	(4,384,040)
Interest received	14	422,282	282,743
Purchase of investments	14	<u>(49,931)</u>	<u>(853,224)</u>
Net cash used in investing activities		<u>(948,090)</u>	<u>(4,954,521)</u>
Cash flows from financing activities			
Grants received from capital project	21(c)	1,755,368	987,561
Grants received for sponsored scholarship and research	21(c)	16,743,329	8,826,513
Repayment of borrowings	21(c)	<u>(787,500)</u>	<u>(717,468)</u>
Net cash from financing activities		<u>17,711,197</u>	<u>9,096,606</u>
Net increase /(decrease) in cash and cash equivalents		12,885,784	(460,878)
Cash and cash equivalents at 1 January		9,544,587	10,012,018
Effect of exchange rate fluctuations on cash held		<u>(18,211)</u>	<u>(6,553)</u>
Cash and cash equivalents at 31 December	17	<u>22,412,161</u>	<u>9,544,587</u>

Notes on pages 12 - 45 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Ashesi University College is a University domiciled in Ghana. The University's registered office is at No. 1 University Avenue, Berekuso. The University is sponsored by Ashesi Foundation, a Not-For-Profit organisation registered in Washington, Seattle, United States of America.

The University is primarily involved in educating students from diverse cultures to achieve excellence in their intellectual and personal development. The financial statements are the individual financial statements of the University.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act 2019, (Act 992).

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for building, plant and machinery which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in United States Dollars (USD) which is the University's functional currency. All amounts have been rounded to the nearest United States Dollar, unless otherwise indicated.

(d) Use of estimates and judgement

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the University's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

(a) Financial instruments

All financial assets and liabilities are recognised in the statements of financial position and measured in accordance with their assigned category.

Accounts receivable and loans and borrowings issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the University becomes a party to the contractual provisions of the instrument.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

A financial asset (unless it is a account receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

- Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost;

Financial assets are not reclassified subsequent to their initial recognition unless the University 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.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- 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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the University may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

- Financial assets - Business model assessment

The University makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the University's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) 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 (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the University 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. In making this assessment, the University considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the University's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

- Financial assets - Subsequent measurement and gains and loss

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. These financial liabilities comprise loans and borrowings and accounts payable. These liabilities are recognized initially on the date at which the University becomes a party to the contractual provision of the instrument. All 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 University derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the University neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

• Financial liabilities

The University derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The University also derecognise 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.

• Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the University currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(b) Impairment

Financial instruments and contract assets

The University recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost.

The University measures loss allowances at an amount equal to lifetime ECLs, 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 are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the University 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 University's historical experience and informed credit assessment and including forward-looking information.

The University assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

- the debtor is unlikely to pay its credit obligations to the University in full due to bankruptcy
- there are adverse changes in the payment status of debtors

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs 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 ECLs is the maximum contractual period over which the University is exposed to credit risk.

Measurement of ECLs

ECLs 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 University expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment (continued)

Credit-impaired financial assets

At each reporting date, the University assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the University has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The University make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The University expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the University's procedures for recovery of amounts due .

Non-financial assets

At each reporting date, the University reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax asset) 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.

(c) Leases

The University assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the University uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into (or changed) on or after 1 January 2019.

University acting as a lessee

The University applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The University recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Leases (continued)

• **Right-of-use assets**

The University recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the lease transfers ownership of the underlying asset to the University by the end of the lease term or the cost of the right-of-use asset reflects that the University will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment.

The right-of-use assets are also subject to impairment, if any, and adjusted for certain remeasurements of the lease liability. Refer to the accounting policies in section 3.2.(b) Impairment of non-financial assets.

• **Lease liabilities**

At the commencement date of the lease, the University recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the University and payments of penalties for terminating the lease, if the lease term reflects the University exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the University uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The University presents right-of-use assets as part of property, plant and equipment.

(d) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at gross value less accumulated depreciation and any accumulated impairment losses.

Costs includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within other income in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure on replacing a part of an item of property, plant and equipment is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the University, and the cost can be measured reliably. The cost of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the gross value of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Leasehold land & Buildings	-	20-50 years
Computer & Accessories	-	3 years
Furniture, Fitting & Equipment	-	5 years
Motor Vehicle	-	5 years
Textbooks & Library Books	-	3 years
Plant and Machinery	-	10-20 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iv) Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

(e) Intangible Assets

(i) Computer Software

Intangible assets comprise computer software licenses. Software acquired by the University is measured at costs less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure on software is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful life is as follows:

Computer Software	-	3 years
-------------------	---	---------

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Finance income and finance costs

Finance income comprises interest income on funds invested in held to maturity financial assets. Interest income is recognized as it accrues in income statement, using the effective interest method.

Finance costs comprise interest on loans and borrowings. Borrowings costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(g) Grants

Grant from donors are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received, and the University will comply with the conditions associated with the grant.

Grants that are received for the purchase of item of property, plant and equipment are recognized in profit or loss on a systematic basis over the useful life of the asset.

Grants that are received for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

(h) Tuition Fees

Rendering of services

Revenue is measured based on the consideration specified in the contract with the University's students. Revenue is recognised over the period of instruction. Tuition fees for which services are yet to be rendered are classified as deferred tuition fees.

Tuition fees are due at the start of an academic period.

Early payment discounts

Students who pay their tuition fees early are offered a discount. The University recognises the discount on the date of payment by the student. Tuition fee recognised is less discount.

Instalment plans

Students are allowed to pay school fees on an instalment basis over the academic period. Students paying on an instalment basis are charged an interest of 2% and interest is recognised as part of other income.

(i) Cash and cash equivalent

Cash and cash equivalent comprise cash on hand, cash at bank adjusted for reconciling items and investments with maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(j) Employment Benefits

(i) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate fund and has no legal or contractual obligation to pay further contributions if the fund does not hold sufficient asset to pay all employee benefits relating to employee service in the current and prior periods.

Obligation for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employment Benefits (continued)

In addition, the University has a provident fund scheme for all employees who have completed their probation period with the University.

The University contributes up to a maximum 5% of employees' basic salary to the Fund. Obligations under the plan are limited to the relevant contributions, which are settled on due dates to the fund manager.

(ii) Short-term employee benefits

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

(iii) Other long-term employee benefit service

The University's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using weighted average basis. Cost includes all direct expenses incurred in bringing stocks to their present condition and location. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

A number of new standards are effective from 1 January 2020 that do not have a material effect on the University's financial statements.

5 NEW STANDARD AND INTERPRETATION NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		Effective date Periods beginning on or after
Amendments to IAS 37 IAS 1 amendment	Onerous contracts – Cost of Fulfilling a Contract	01-Jan-22
IFRS 1, IFRS 9 and IFRS 16 amendments	Classification of liabilities as current or non-current	01-Jan-23
IAS 8 amendment	Annual Improvements to IFRS Standards (2018 – 2020)	01-Jan-22
IAS 1 and IFRS Practice Statement 2 amendment	Definition of Accounting Estimates	01-Jan-23
	Disclosure Initiative: Accounting Policies	01-Jan-23

Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, issued by the International Accounting Standards Board, clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments will be recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives will not be restated. Earlier application is permitted.

The University is yet to assess the potential impact on the financial statements.

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments are to be applied retrospectively from the effective date.

The University is yet to assess the potential impact on the financial statements.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 NEW STANDARD AND INTERPRETATION NOT YET ADOPTED (CONTINUED)

Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards	The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
IFRS 9 Financial Instruments	The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
IFRS 16 Leases	The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

The University is yet to assess the potential impact on the financial statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The University is yet to assess the potential impact on the financial statements.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 NEW STANDARD AND INTERPRETATION NOT YET ADOPTED (CONTINUED)

Annual Improvements to IFRS Standards 2018-2020 (continued)

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board (the Board).

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed;
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The University is yet to assess the potential impact on the financial statements.

The amendments are effective from 1 January 2023 but may be applied earlier.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 TUITION FEES

	2020	2019
	US\$	US\$
Tuition fees	<u>8,519,378</u>	<u>8,903,655</u>
	<u>8,519,378</u>	<u>8,903,655</u>

7 OTHER INCOME

	2020	2019
	US\$	US\$
Student Housing and Admission fees	376,768	1,209,865
Graduation fees	41,250	28,869
Bad debts recovered	6,622	3,555
Departmental income	255,601	681,655
Program support fee	28,233	186,049
Insurance received	-	<u>82,199</u>
	<u>708,474</u>	<u>2,192,192</u>

8 GRANT INCOME

	2020	2019
	US\$	US\$
Capital grants (a)	1,000,118	684,496
Scholarship grants (b)	7,261,524	9,678,375
Unrestricted grants (c)	<u>304,350</u>	<u>10,000</u>
	<u>8,565,992</u>	<u>10,372,871</u>

(a) Capital grants amortised

	2020	2019
	US\$	US\$
Ashesi University Foundation (note 20b(i))	731,945	511,318
Elma Foundation (note 20b(ii))	161,501	94,000
Other Donors (note 20b(iii))	<u>106,672</u>	<u>79,178</u>
	<u>1,000,118</u>	<u>684,496</u>

(b) Scholarship grants utilised

	2020	2019
	US\$	US\$
MasterCard Foundation Fellowship (20d(i))	3,891,597	5,470,531
Other Donors	<u>3,369,927</u>	<u>4,207,844</u>
	<u>7,261,524</u>	<u>9,678,375</u>

(c) Unrestricted grant utilised

	2020	2019
	US\$	US\$
Elma Foundation	250,000	-
Other Donors	<u>54,350</u>	<u>10,000</u>
	<u>304,350</u>	<u>10,000</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 SCHOLARSHIP AWARDS AND DONOR EXPENSES

	2020	2019
	US\$	US\$
Depreciation on PPE acquired through grant	1,000,118	684,496
Program expenses	3,291,976	5,363,453
Other program expenses	3,969,548	4,314,922
Other administrative expenses	<u>304,350</u>	<u>10,000</u>
	<u>8,565,992</u>	<u>10,372,871</u>

Donor expenses represents expenses funded with donor support (grants). Grantors include Ashesi University Foundation, MasterCard Foundation, Elma Growth Foundation and other donors. Donor expenses consists of depreciation on property, plant and equipment acquired through capital grants, program expenses (such as student scholarships for tuition and housing), other program expenses (such as research expenses and entrepreneurship support) and other administrative expenses.

In 2020, a total of US\$ 3,982,946 (2019: US\$ 6,179,722) was spent on corporate social responsibility, with key focus on student scholarships, community and entrepreneurship projects.

10 GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	US\$	US\$
Repairs and maintenance	174,870	295,652
Professional fees	158,006	132,442
Marketing, promotions and events	172,511	371,528
Auditor's remuneration	32,900	32,900
Property management expenses	567,415	683,008
Research expenses	42,528	42,480
Telephone and utility expense	548,943	690,076
Postage, printing and subscriptions	437,320	383,410
Exchange loss	18,211	6,553
Other administrative cost	<u>338,868</u>	<u>569,501</u>
	<u>2,491,572</u>	<u>3,207,549</u>

11 DEPRECIATION AND AMORTISATION

	2020	Restated
	US\$	2019
		US\$
Depreciation on property, plant and equipment and right-of-use	2,042,551	1,574,813
Amortisation of intangible assets	<u>83,317</u>	<u>83,317</u>
	<u>2,125,868</u>	<u>1,658,130</u>
Comprises		
Depreciation on PPE acquired through grant	1,000,118	684,496
Depreciation and amortisation on statement of comprehensive income	<u>1,125,750</u>	<u>973,634</u>
	<u>2,125,868</u>	<u>1,658,130</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 SALARIES AND BENEFITS

	2020	2019
	US\$	US\$
Wages and salaries	2,882,334	2,662,917
Social security contributions	268,601	253,392
Provident fund contributions	309,280	117,586
Other staff expenses and allowances	<u>619,816</u>	<u>731,893</u>
	<u>4,080,031</u>	<u>3,765,788</u>

The average number of staff and faculty employed by the University during the year was 126 (2019:116).

13 NET FINANCE COST

	2020	2019
	US\$	US\$
Interest income on treasury bills and fixed deposits	376,780	327,138
Interest charged on IFC and Ashesi loan	<u>(466,658)</u>	<u>(526,114)</u>
	<u>(89,878)</u>	<u>(198,976)</u>

14 SHORT TERM INVESTMENTS

	2020	2019
	US\$	US\$
Treasury Bills	<u>946,730</u>	<u>896,534</u>
	<u>946,730</u>	<u>896,534</u>

*-This consists of 181-days treasury bill of US\$ 946,730 (2019: US\$ 869,534). In 2020, interest received on treasury bills was US\$ 422,282 (2019: US\$ 282,743) and additional investment made was US\$ 49,931 (2019: US\$ 853,224).

15 ACCOUNTS RECEIVABLE

	2020	2019
	US\$	US\$
Tuition fees receivable	250,910	100,348
Staff loans	94,433	72,672
Advance Payment to Contractors	459,948	393,780
Prepayment	<u>126,334</u>	<u>152,624</u>
	<u>931,625</u>	<u>719,424</u>

The maximum amount due from officers of the University during the year amounted to US\$ 94,433 (2019: US\$ 73,016).

16 INVENTORIES

	2020	2019
	US\$	US\$
TI-84 Plus Graphing Calculators	69,022	10,245
Other consumables	<u>49,726</u>	<u>20,708</u>
	<u>118,748</u>	<u>30,953</u>

In 2020, no inventory was expensed during the year (2019: US\$ 55,497).

17 CASH AND CASH EQUIVALENTS

	2020	Restated 2019
	US\$	US\$
Cash on hand	1,697	1,235
Cash at bank	20,846,374	8,409,413
91 Day Treasury Bills	<u>1,564,090</u>	<u>1,133,939</u>
Cash and cash equivalent	<u>22,412,161</u>	<u>9,544,587</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 ACCOUNTS PAYABLE

	2020	Restated 2019
	US\$	US\$
Suppliers	629,860	309,448
Accrued expenses	59,202	141,606
Statutory payables	125,769	83,864
Other payables	<u>194,782</u>	<u>58,191</u>
	<u>1,009,613</u>	<u>593,109</u>

19 EMPLOYEE BENEFIT OBLIGATION

	2020	2019
	US\$	US\$
Long service awards (note 28)	<u>173,948</u>	=

In 2020, the University introduced a long service award policy, refer to note 29 for details on policy.

20 DEFERRED INCOME

	2020	Restated 2019
	US\$	US\$
Non-current		
Unutilised capital grant (a)	2,560,331	4,081,164
Utilised capital grant (b)	<u>16,751,280</u>	<u>14,475,197</u>
	<u>19,311,611</u>	<u>18,556,361</u>

Unutilised capital grant relates to funds that have been received from donors but are yet to be used for the capital projects. The University hold these funds for long term capital projects. Refer to note 20 (a) for details.

Utilised capital grants relates to grant that were used for capital projects and are amortised over the useful life of the asset. Refer to note 20 (b) for details.

	2020	Restated 2019
	US\$	US\$
Current		
Deferred tuition fees (c)	1,084,969	1,160,199
Unutilised scholarship and research grants (d)	<u>13,607,988</u>	<u>4,332,804</u>
	<u>14,692,957</u>	<u>5,493,003</u>

Deferred tuition fees represent tuition fees paid in advance by students. Refer to note 20 (c) for details.

Unutilised sponsored scholarship and research grant represents remaining funds from donors that have not been used for their purpose. Refer to note 20 (d) for details.

(a) Unutilised grant

Ashesi University Foundation (i)	2,442,556	3,853,389
ELMA Growth Foundation (ii)	105,296	205,296
Others (iii)	<u>12,479</u>	<u>22,479</u>
	<u>2,560,331</u>	<u>4,081,164</u>

Unutilised grant relates to funds that have been received from donors but are yet to be used for the capital projects. The University hold these funds for capital projects in relation to the grants.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 DEFERRED INCOME (CONTINUED)

(i) Ashesi University Foundation

	2020	2019
	US\$	US\$
Balance at 1 January	3,853,389	3,853,388
Received during the year	1,749,116	627,062
Utilised during the year	<u>(3,159,949)</u>	<u>(627,061)</u>
Balance at 31 December	<u>2,442,556</u>	<u>3,853,389</u>

Ashesi University Foundation is a US 501c3 that shares Ashesi University College's mission of educating a new generation of ethical, entrepreneurial leaders in Africa. Ashesi University Foundation provides capital grants for the construction of campus, hostel, engineering buildings, faculty guest house and purchase of other capital items.

(ii) ELMA Growth Foundation

	2020	2019
	US\$	US\$
Balance at 1 January	205,296	105,296
Received during the year	-	350,000
Utilised during the year	<u>(100,000)</u>	<u>(250,000)</u>
Balance at 31 December	<u>105,296</u>	<u>205,296</u>

ELMA growth foundation is a Not-For-Profit organization in the United States of America. Grants from this foundation is towards the construction of students' hostel and purchase of engineering equipment.

(iii) Others

	2020	Restated 2019
	US\$	US\$
Balance at 1 January	22,479	12,479
Received during the year	-	10,000
Utilised during the year	<u>(10,000)</u>	=
Balance at 31 December	<u>12,479</u>	<u>22,479</u>

These are grants received from World Bank, Charity Aid Foundation (CAF), staff of the University and other individual donors towards the cost of constructing the engineering faculty, sporting facilities and hostel facilities. Total amount received during the year was US\$ nil (2019: US\$ 10,000).

(b) Utilised grant

Ashesi University Foundation (i)	14,594,577	12,166,573
ELMA Growth Foundation (ii)	1,998,500	2,060,000
Others (iii)	<u>158,203</u>	<u>248,624</u>
	<u>16,751,280</u>	<u>14,475,197</u>

(i) Ashesi University Foundation

	2020	2019
	US\$	US\$
Balance at 1 January	12,166,573	12,050,834
Additions during the year	3,159,949	627,057
Amortised during the year (note 8a)	<u>(731,945)</u>	<u>(511,318)</u>
Balance at 31 December	<u>14,594,577</u>	<u>12,166,573</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 DEFERRED INCOME (CONTINUED)

(ii) ELMA Growth Foundation

	2020	2019
	US\$	US\$
Balance at 1 January	2,060,000	1,904,000
Additions during the year	100,000	250,000
Amortised during the year (note 8a)	<u>(161,500)</u>	<u>(94,000)</u>
Balance at 31 December	<u>1,998,500</u>	<u>2,060,000</u>

(iii) Others

	2020	Restated 2019
	US\$	US\$
Balance at 1 January	248,624	327,802
Additions during the year	16,251	-
Amortised during the year (note 8a)	<u>(106,672)</u>	<u>(79,178)</u>
Balance at 31 December	<u>158,203</u>	<u>248,624</u>

(c) Deferred tuition fees

	2020	2019
	US\$	US\$
Balance at 1 January	1,160,199	1,061,403
Amount received during the year	1,084,969	1,160,199
Amount recognised during the year	<u>(1,160,199)</u>	<u>(1,061,403)</u>
Balance at 31 December	<u>1,084,969</u>	<u>1,160,199</u>

(d) Unutilised scholarship and research grants

	2020	Restated 2019
	US\$	US\$
MasterCard Foundation Fellowship Program (i)	12,568,614	3,238,971
Scholarship Endowment Fund (ii)	43,555	43,555
Other Donors (iii)	<u>995,819</u>	<u>1,050,278</u>
	<u>13,607,988</u>	<u>4,332,804</u>

(i) MasterCard Foundation Fellowship Program

	2020	2019
	US\$	US\$
Balance at 1 January	3,238,971	4,663,939
Received during the year	13,221,240	4,045,563
Utilised during the year	<u>(3,891,597)</u>	<u>(5,470,531)</u>
Balance at 31 December	<u>12,568,614</u>	<u>3,238,971</u>

Breakdown of MasterCard Foundation scholarship Utilized

	2020	2019
	US\$	US\$
MCF Program Support	412,714	727,471
MCF Tuition Fees, Housing and Other Student Support	<u>3,478,883</u>	<u>4,743,060</u>
Balance at 31 December	<u>3,891,597</u>	<u>5,470,531</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 DEFERRED INCOME (CONTINUED)

Breakdown of MasterCard Foundation scholarship Utilized (continued)

Total amount utilized during the year include US\$ 412,714 (2019: US\$ 727,471) for students recruitment program support, salaries, professional fees and other program support on behalf of Ashesi MCF fellows and US\$ 3,478,883(2019: US\$ 4,743,060) to tuition fees, housing fees and other student support. An amount of US\$ 13,221,240 (2019:US\$ 4,045,563) was also received from the MasterCard Foundation to augment the University's tuition discounts and scholarships given to students.

(ii) Scholarship Endowment Fund

	2020	2019
	US\$	US\$
Balance at 1 January	43,555	23,555
Received during the year	-	20,000
Utilised during the year	-	-
Balance at 31 December	<u>43,555</u>	<u>43,555</u>

The Scholarship Endowment Fund was set for the provision of general student scholarship by Ashesi Foundation. Part of the endowment fund of \$23,555 represents fund held by the University purposely to sponsor indigenes of the Berekuso township who will apply to the institution in future.

(iii) Other Donors

	2020	Restated 2019
	US\$	US\$
Balance at 1 January	1,050,278	533,661
Received during the year	3,522,089	4,760,950
Utilised during the year	<u>(3,576,548)</u>	<u>(4,244,333)</u>
Balance at 31 December	<u>995,819</u>	<u>1,050,278</u>

These are funds received from Tullow Ghana Scholarship Fund, Ford Foundation, World Bank, CAF, Other institutions and individuals to fund research and other students' projects.

21 LOANS AND BORROWINGS

	2020	2019
	US\$	US\$
IFC Loan (a)	5,256,751	6,062,934
Loan from Ashesi Foundation (b)	<u>1,241,514</u>	<u>1,189,649</u>
	<u>6,498,265</u>	<u>7,252,583</u>

31 December 2020

	Amount	Payable within 1 year	Payable over 1 year
	US\$	US\$	US\$
IFC Loan (a)	5,256,751	787,500	4,469,251
Loan from Ashesi Foundation (b)	<u>1,241,514</u>	<u>230,769</u>	<u>1,010,745</u>
	<u>6,498,265</u>	<u>1,018,269</u>	<u>5,479,996</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 LOANS AND BORROWINGS (CONTINUED)

31 December 2019

	Amount	Payable	Payable over 1
	US\$	within 1 year	year
	US\$	US\$	US\$
IFC Loan (a)	6,062,934	602,083	5,460,851
Loan from Ashesi Foundation (b)	<u>1,189,649</u>	<u>115,384</u>	<u>1,074,265</u>
	<u>7,252,583</u>	<u>717,467</u>	<u>6,535,116</u>

(a) IFC Loan

IFC Loan

	2020	2019
	US\$	US\$
Balance at 1 January	6,062,935	6,467,067
Interest charged	414,792	229,278
Repayments	<u>(1,220,976)</u>	<u>(633,411)</u>
Balance at 31 December	<u>5,256,751</u>	<u>6,062,934</u>

This relates to a loan amount of US\$ 6,299,980 obtained from the International Finance Corporation (IFC) in 2018 for the construction of a research laboratory, a student housing cluster, a student centre and a sports centre on the University campus. It attracts an interest rate of 5.5% above the 6months LIBOR which is accrued on a day to day basis. Included in repayments of US\$ 1,220,976 (2019: US\$ 633,411) is principal amount of US\$ 787,500 (2019: US\$ 404,133) and interest of US\$ 433,476 (2019: US\$ 229,278). Principal repayment of the loan begins from September 2019 to March 2027. The loan is secured over land and buildings with a carrying value of US\$ 36,650,764 (2019: US\$ 27,544,552) which is subject to a registered debenture .

(b) Ashesi University Foundation(AUF) Loan

	2020	2019
	US\$	US\$
Balance at 1 January	1,189,649	1,305,034
Interest charged	51,865	56,884
Repayments	=	<u>(172,269)</u>
Balance at 31 December	<u>1,241,514</u>	<u>1,189,649</u>

This relates to a loan amount of US\$999,988 obtained from the Ashesi University Foundation in 2014 and US\$500,012 in 2015 for the construction of a 96 bed student housing facility. The loan attracts an interest rate of 4.35% which is accrued on a day to day basis. In 2020, the University signed an agreement with AUF to defer payment of 2020 principal and interest for twelve months. The deferment did not result in a substantial modification of loan terms Repayment of the loan begins from April 2017 to April 2030 for the initial loan and from April 2018 to April 2031 for the latter. There is no security on AUF loan.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 LOANS AND BORROWINGS (CONTINUED)

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

31 December 2020

	Deferred income (scholarship and research (capital grants))	Deferred income (scholarship grants)	Loans and borrowing	Total
	US\$	US\$	US\$	US\$
Balance at 1 January 2020	<u>18,556,361</u>	<u>5,394,207</u>	<u>7,252,583</u>	<u>31,203,151</u>
Grant received	1,755,368	16,743,329	-	18,498,697
Loan repayment	=	=	<u>(787,500)</u>	<u>(787,500)</u>
<i>Total changes from financing cash flows</i>	<u>1,755,368</u>	<u>16,743,329</u>	<u>(787,500)</u>	<u>17,711,197</u>
Other changes				
Release of deferred income	(1,000,118)	(7,468,145)	-	(8,468,263)
Interest charges	-	-	466,656	466,656
Interest paid	=	=	<u>(433,474)</u>	<u>(433,474)</u>
<i>Total liability-related other changes</i>	<u>(1,000,118)</u>	<u>(7,468,145)</u>	<u>33,182</u>	<u>(8,435,080)</u>
Balance at 31 December 2020	<u>19,311,611</u>	<u>14,669,391</u>	<u>6,498,265</u>	<u>40,479,268</u>

31 December 2019

	Deferred income (scholarship and research (capital grants))	Deferred income (scholarship grants)	Loans and borrowing	Total
	US\$	US\$	US\$	US\$
Balance at 1 January 2019	<u>18,253,295</u>	<u>6,282,556</u>	<u>7,980,435</u>	<u>32,516,286</u>
Grant received	987,561	8,826,513	-	9,814,074
Loan repayment	=	=	<u>(717,468)</u>	<u>(717,468)</u>
<i>Total changes from financing cash flows</i>	<u>987,561</u>	<u>8,826,513</u>	<u>(717,468)</u>	<u>9,096,606</u>
Other changes				
Release of deferred income	(684,495)	(9,714,862)	-	(10,399,357)
Interest charges	-	-	526,114	526,114
Interest paid	=	=	<u>(536,498)</u>	<u>(536,498)</u>
<i>Total liability-related other changes</i>	<u>(684,495)</u>	<u>(9,714,862)</u>	<u>(10,384)</u>	<u>(10,409,741)</u>
Balance at 31 December 2019	<u>18,556,361</u>	<u>5,394,207</u>	<u>7,252,583</u>	<u>31,203,151</u>

22 TAXATION

The University is a non-profit making institution and its income is exempted from income tax in accordance with Division V, Section 97(1) and 97(4) of the Ghana Revenue Authority Act, 2015 (Act 896).

**ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

23 PROPERTY, PLANT & EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold land & Buildings US\$	Computer & Accessories US\$	Furniture, Fitting & Equipment US\$	Textbooks & Library Books US\$	Motor Vehicles US\$	Plant & Machinery US\$	Capital Work in Progress US\$	Total US\$
Cost								
Balance at 1 January 2020	28,831,562	1,347,275	3,576,713	985,724	643,390	339,013	10,057,591	45,781,268
Additions	-	11,757	559,391	100	-	10,797	738,396	1,320,441
Transfer	10,302,278	-	-	-	-	-	(10,302,278)	-
Balance at 31 December 2020	<u>39,133,840</u>	<u>1,359,032</u>	<u>4,136,104</u>	<u>985,824</u>	<u>643,390</u>	<u>349,810</u>	<u>493,709</u>	<u>47,101,709</u>
Accumulated Depreciation								
Balance at 1 January 2020	1,287,012	1,217,228	2,031,243	919,545	348,192	45,062	-	5,848,282
Charge for the year	1,196,066	102,199	540,757	66,279	112,779	24,471	-	2,042,551
Balance at 31 December 2020	<u>2,483,078</u>	<u>1,319,427</u>	<u>2,572,000</u>	<u>985,824</u>	<u>460,971</u>	<u>69,533</u>	<u>-</u>	<u>7,890,833</u>
Carrying amount								
Balance as at 31 December 2020	<u>36,650,762</u>	<u>39,605</u>	<u>1,564,104</u>	<u>-</u>	<u>182,419</u>	<u>280,277</u>	<u>493,709</u>	<u>39,210,876</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (restated)

	Leasehold land & Buildings US\$	Computer & Accessories US\$	Furniture, Fitting & Equipment US\$	Textbooks & Library Books US\$	Motor Vehicles US\$	Plant & Machinery US\$	Capital Work in Progress US\$	Total US\$
Cost								
Balance at 1 January 2019	26,474,158	1,219,565	3,003,779	814,103	648,916	301,198	9,380,254	41,841,973
Additions	12,422	127,710	572,934	171,621	84,579	37,815	3,376,959	4,384,040
Transfer	2,344,982	-	-	-	-	-	(2,344,982)	-
Write Off	-	-	-	-	(3,100)	-	(354,640)	(357,740)
Disposal	-	-	-	-	(87,005)	-	-	(87,005)
Balance at 31 December 2019	28,831,562	1,347,275	3,576,713	985,724	643,390	339,013	10,057,591	45,781,268
Accumulated Depreciation								
Balance at 1 January 2019	623,493	1,083,302	1,514,469	786,544	328,377	27,389	-	4,363,574
Charge for the year	663,519	133,926	516,774	133,001	109,920	17,673	-	1,574,813
Write Off	-	-	-	-	(3,100)	-	-	(3,100)
Released on disposal	-	-	-	-	(87,005)	-	-	(87,005)
Balance at 31 December 2019	1,287,012	1,217,228	2,031,243	919,545	348,192	45,062	-	5,848,282
Carrying amount								
Balance as at 31 December 2019	27,544,550	130,047	1,545,470	66,179	295,198	293,951	10,057,591	39,932,986

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(b) Revaluation

The following table summarises classes of property, plant and equipment that were revalued by an independent consultant in 2017. Subsequent revaluation will be done at intervals of five (5) years. Valuation are made on the basis of the open market values, which reflects recent prices for similar properties. There was no valuation of assets at 31 December 2020.

	Leasehold land & Buildings	Plant & Machinery
	US\$	US\$
Cost of assets revalued	16,644,169	197,878
Revaluation surplus (2017)	<u>9,115,505</u>	<u>140,489</u>
Fair value of assets revalued	<u>25,759,674</u>	<u>338,367</u>

(c) Security

At 31 December 2020, land and buildings with a carrying amount of US\$ 36,650,763 (2019: US\$ 27,544,552) was subject to a registered debenture that serves as security for a loan acquired from International Finance Corporation (IFC) in 2018.

(d) Right of use

The University leases land. The lease typically run for a period of 50 years. Included in leasehold land and building is right-of-use assets. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Lease land	2020	2019
	US\$	US\$
As at 1 January	1,682,676	1,716,807
Depreciation	<u>(34,336)</u>	<u>(34,131)</u>
At 31 December	<u>1,648,340</u>	<u>1,682,676</u>

24 INTANGIBLE ASSETS

	2020	2019
	US\$	US\$
Cost		
At 1 January	<u>494,923</u>	<u>494,923</u>
At 31 December	<u>494,923</u>	<u>494,923</u>
Amortization		
At 1 January	(378,915)	(295,598)
Charge for the year	<u>(83,317)</u>	<u>(83,317)</u>
At 31 December	<u>(462,232)</u>	<u>(378,915)</u>
Carrying value	<u>32,691</u>	<u>116,008</u>

25 RELATED PARTY DISCLOSURES

(a) Transactions

The University is sponsored by Ashesi University Foundation, a Not-For-Profit organisation registered in Washington, Seattle, United States of America.

**ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

25 RELATED PARTY DISCLOSURES (CONTINUED)

The following transactions were carried out with related parties:

During the year, US\$ 1,749,116 (2019: US\$ 627,062) was received as grant from Ashesi University Foundation in respect of capital grant. Also, the University received a moratorium from AUF to defer the repayment principal and interest of amounts due to in 2020 on the AUF loan facility.

Key management compensation

	2020	2019
	US\$	US\$
Salaries and other short-term benefits	<u>365,827</u>	<u>294,108</u>

(b) Outstanding balances due to related party:

	2020	2019
	US\$	US\$
Loan from Ashesi University Foundation (21(b))	<u>1,241,515</u>	<u>1,189,649</u>
Loan advances to senior management	<u>1,264</u>	<u>1,564</u>

The University does not charge interest on loan advances to senior management.

26 FINANCIAL RISK MANAGEMENT

(a) Overview

The University has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

(b) Risk Management Framework

The University's Board of Directors has overall responsibility for the establishment and oversight of its risk management framework.

The University's risk management policies are established to identify and analyse the risks faced by the University, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The University, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors oversees how management monitors compliance with the University's risk management policies and procedures in place and reviews the adequacy of the risk framework in relation to the risks faced by the University. The Board of Directors is assisted in its oversight role by Internal Audit and other corporate governance structures. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit Risk

Credit risk is the risk of financial loss to the University if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the University's receivables from students and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

The University's exposure to credit risk is influenced mainly by the individual characteristics of each student. However, management also considers the factors that may influence the credit risk of its students. The University retains student academic records, transcripts and certificates, so that in the event of non-payment the University may have a secured claim. The University does not otherwise require collateral in respect of tuition fees receivable.

Exposure to credit risks

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure at the reporting date was:

	2020	2019
	US\$	US\$
Accounts receivable**	345,343	173,020
Short term investments	946,730	2,030,473
Bank balance	20,846,374	8,409,413
Other asset	=	<u>1,200,000</u>
	<u>22,138,447</u>	<u>11,812,906</u>

** This excludes prepayments and advance payments to contractors.

Impairment Losses

Short term investments

The University held short term investments in Government of Ghana treasury bills at the reporting date. Government of Ghana has no history of default on treasury bills.

Bank balance and restricted cash

The University held cash and restricted cash at the reporting date with reputable banks. These banks have no history of default.

Accounts receivable

Receivable from staff and other third parties such as advances to contractors were not considered as impaired as there is no history of default. The following table provides information about the exposure to credit risk and expected credit loss for tuition fee receivables as at 31 December.

	Loss rate	2020		2019		Credit-impaired
		Gross US\$	Loss allowance US\$	Gross US\$	Loss allowance US\$	
1-90 days	0.00%	250,910	-	100,348	-	No
More than 90 days past due	100.00%	<u>19,620</u>	<u>(19,620)</u>	<u>2,500</u>	<u>(2,500)</u>	Yes
		<u>270,530</u>	<u>(19,620)</u>	<u>102,848</u>	<u>(2,500)</u>	

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk

Liquidity risk is the risk that the University will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The University's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

As at the reporting date, the University held liquid assets of US\$ 22,158,891 (2019: US\$ 10,441,121) that are expected to readily generate cash flows for managing liquidity risks.

Below are the liquid assets and expected maturity

	2020 US\$	Maturity	2019 US\$	Maturity
Short term investments	946,730	6 months or less	896,534	6 months or less
Cash and cash equivalent	<u>22,412,161</u>	6 months or less	<u>9,544,587</u>	6 months or less
	<u>23,358,891</u>		<u>10,441,121</u>	

The following are contractual maturities of financial liabilities:

Non-derivative financial liabilities

31 December 2020

	Gross Carrying Amount US\$	Contractual cash flows			
		Total US\$	6 months or less US\$	6-12 months US\$	More than 1 year US\$
IFC Loan	5,256,751	6,466,454	584,265	573,080	5,309,109
Loan from Ashesi Foundation	1,241,514	1,394,694	277,600	-	1,117,094
Accounts payable**	<u>883,844</u>	<u>883,844</u>	<u>883,844</u>	=	=
	<u>7,382,109</u>	<u>8,744,992</u>	<u>1,745,709</u>	<u>573,080</u>	<u>6,426,203</u>

31 December 2019

	Gross Carrying Amount US\$	Contractual cash flows			
		Total US\$	6 months or less US\$	6-12 months US\$	More than 1 year US\$
IFC Loan	6,062,934	7,684,119	614,789	602,876	6,466,454
Loan from Ashesi Foundation	1,189,649	1,485,004	165,560	-	1,319,444
Accounts payable**	<u>509,245</u>	<u>509,245</u>	<u>509,245</u>	=	=
	<u>7,761,828</u>	<u>9,678,368</u>	<u>1,289,594</u>	<u>602,876</u>	<u>7,785,898</u>

** This excludes statutory payables.

(e) Market Risk

Market rate risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the University's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Market Risk (continued)

(i) Currency Risk

The University is exposed to currency risk in terms of balances denominated in currencies other than the functional currency.

The University indexes financial planning/budget in US dollars and holding liquid assets in same currency and do conversion to cedi based on need, and this helps the university to effectively manages currency risk. As much as possible, the University operates only these two currencies – the US\$ and GH¢.

The University's exposure to foreign currency risk was as follows:

	2020 GH¢	2019 GH¢
Assets		
Cash and bank balances	7,184,366	12,762,830
Accounts receivable	7,083,778	408,672
Short term investments (Treasury bills)	<u>14,144,015</u>	<u>5,288,710</u>
	<u>28,412,159</u>	<u>18,460,212</u>
Liability		
Accounts payable	<u>(3,029,623)</u>	<u>(6,481,614)</u>
Net exposure	<u>25,382,536</u>	<u>11,978,598</u>

The following significant exchange rates applied during the year:

	Average rate		Reporting rate	
	2020	2019	2020	2019
GH¢ 1	<u>0.1791</u>	<u>0.1848</u>	<u>0.1736</u>	<u>0.1739</u>

(ii) Sensitivity Analysis on Currency Risks

The table below shows the effect of a strengthening or weakening of US\$ against the GH¢ on the University's statement of comprehensive income. This sensitivity analysis indicates the potential impact on the statement of comprehensive income based upon the foreign currency exposures recorded at 31 December (See "currency risk" above) and it does not represent actual or future gains or losses.

The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average rate per currency recorded in the course of the respective financial year.

A strengthening/weakening of the US\$, by the rates shown in the table, against the following currencies at 31 December would have increased/decreased surplus and equity by the amounts shown below:

This analysis assumes that all other variables, in particular interest rates, remain constant.

%Change	2020		2019	
	Surplus/Ac cumulated fund Impact Strengtheni ng	Surplus/Ac cumulated fund Impact Weakening	Surplus/Ac cumulated fund Impact Strengthen ing	Surplus/Ac cumulated fund Impact Weakening
2020 (±3%): 2019 (±2%)	<u>(139,616)</u>	<u>139,616</u>	<u>(49,495)</u>	<u>49,495</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Market Risk (continued)

(iii) Interest Rate Risk

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate instruments. The University's exposure to the risk of changes in market interest rates relates primarily to the University's long-term debt obligations with IFC.

The University manage interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Standard scenario that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in the market interest rate. A change of a 100 basis point in the interest rate at the reporting rate would have impacted equity and profit or loss by the amounts shown below:

	Carrying amounts			
	2020	2020	2019	2019
	Surplus/Ac cumulated fund Impact Strengtheni ng US\$	Surplus/Ac cumulated fund Impact Weakening US\$	Surplus/Ac cumulated fund Impact Strengthen ing US\$	Surplus/Ac cumulated fund Impact Weakening US\$
Loans and Borrowings	<u>12,415</u>	<u>(12,415)</u>	<u>11,896</u>	<u>(11,896)</u>

(f) Accounting classification and fair values

Financial instruments not measured at fair value

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information as the carrying amounts of these financial assets and financial liabilities not measured at fair value are reasonable approximation of their fair values due to the insignificant impact of discounting.

	Carrying Value	
	2020 US\$	2019 US\$
Financial assets amortised cost		
Short term investments	946,730	2,030,473
Accounts receivable	345,343	173,020
Cash and bank	22,412,161	9,544,587
Restricted cash	<u>1,200,000</u>	<u>1,200,000</u>
	<u>24,904,234</u>	<u>12,948,080</u>
Other financial liabilities		
Accounts payable	883,844	509,245
Loans and borrowings	<u>6,498,265</u>	<u>7,252,583</u>
	<u>7,382,109</u>	<u>7,761,828</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 OTHER ASSET

	2020	2019
	US\$	US\$
Restricted cash	=	<u>1,200,000</u>

This was a cash collateral held in an Escrow account in accordance with the conditions of the IFC loan. On 23 November 2020, the conditions of the IFC loan was fulfilled hence funds in the Escrow account was no longer restricted cash and has been classified as part of cash and cash equivalents.

28 EMPLOYEE BENEFITS

The University operates the following defined contribution pension plans and other long term employee benefits:

(i) Social Security Fund

Under a national defined contribution pension scheme, the University contributes 13% of employees' basic salary to the Social Security and National Insurance Trust (SSNIT) for employee pensions. The University's obligation is limited to the relevant contributions, which are settled on due dates. The pension liabilities and obligations, rest with SSNIT.

(ii) Provident Fund

The University operates a provident fund scheme for staff under which the college contributions 5% of each staff's basic salary. Obligations under the plan are limited to the relevant contributions and these are settled on due dates to the fund manager.

(iii) Long service award

This other long term employee benefit entitles employees who have worked for up to five (5) years and beyond to pre defined benefit packages based on the length of service with categories ranging from five (5) to thirty (30) years.

Defined Contribution Plans and other long term employee contribution

The total expense relating to defined contribution plans and other long term employee contribution in the current and comparative years were as follows:

	2020	2019
	US\$	US\$
Social security contribution	295,204	284,813
Provident fund	<u>124,332</u>	<u>117,586</u>
	<u>419,536</u>	<u>402,399</u>
Long service awards	<u>173,948</u>	=

29 SUBSEQUENT EVENTS

There were no subsequent events for the year ended 31 December 2020.

30 ACCUMULATED FUND

This represents the residual of cumulative annual surplus.

31 REVALUATION RESERVE

This represents surplus on revaluation of buildings, plant and machinery.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 CONTINGENCIES

There was no legal case pending against the University at the year end. (2019: NIL)

33 CAPITAL COMMITMENTS

Capital commitments as at 31 December 2020 amounted to US\$ 2,992,924 (2019: US\$ 2,689,949).

34 EXCHANGE CONTROL

All remittances from and to Ghana are subject to the approval of the exchange control authorities.

35 CORRECTION OF ERRORS

During the year, the University identified the following omissions relating to prior years:

(a) transactions from Ghana Climate Innovation Centre(GCIC), a department under the University, were not recorded in the University's books since 2016. As a result; grants and donor expenses as shown on the statement of comprehensive income; and property, plant and equipment, amount due from related party, cash and cash equivalent and deferred income as shown on the statement of financial position were understated in the ledgers and financial statements;

(b) cash and cash equivalent (i.e. 91 day treasury bill) was erroneously classified as short term investment since 2018. As a result short term investment was overstated and cash and cash equivalent was understated;

(c) a portion of deferred income (capital grant) was erroneously classified as current liability instead of non-current liabilities since 2018. As a result, deferred income(non-current) was understated. Also, deferred tuition fees was erroneously classified as a separate line item instead of classifying it as deferred income (current); and

(d) grant income and donor expenses were erroneously recorded in revenue, and other administrative expenses and depreciation respectively instead of other income and donor expenses.

The errors have been corrected by restating each of the affected financial statement lines for prior periods. The following tables summarises the impact on the University's financial statements.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35 CORRECTION OF ERRORS (CONTINUED)

Statement of financial position

		Impact of Correction of error			
		As previously reported	Adjustments	Reclassificati ons	As restated
1 January 2019					
ASSETS					
Property, plant and equipment	(a)	37,320,405	157,995	-	37,478,400
Intangible assets		<u>199,325</u>	=	=	<u>199,325</u>
Non-current assets		<u>37,519,730</u>	<u>157,995</u>	=	<u>37,677,725</u>
Short term investments	(b)	1,349,465	-	(1,349,465)	-
Accounts receivable		1,986,692	-	-	1,986,692
Inventories		32,326	-	-	32,326
Other asset		1,200,000	-	-	1,200,000
Cash and cash equivalents	(a) (b)	<u>8,463,461</u>	<u>199,092</u>	<u>1,349,465</u>	<u>10,012,018</u>
Current assets		<u>13,031,944</u>	<u>199,092</u>	=	<u>13,231,036</u>
Total assets		<u>50,551,674</u>	<u>357,087</u>	=	<u>50,908,761</u>
EQUITY AND LIABILITIES					
Equity					
Accumulated fund		8,342,042	-	-	8,342,042
Revaluation reserve		<u>9,255,994</u>	=	=	<u>9,255,994</u>
Total equity		<u>17,598,036</u>	=	=	<u>17,598,036</u>
Loans and borrowings		7,098,538	-	-	7,098,538
Deferred income	(a) (c)	<u>17,495,181</u>	<u>157,995</u>	<u>600,119</u>	<u>18,253,295</u>
Non-current liabilities		<u>24,593,719</u>	<u>157,995</u>	<u>600,119</u>	<u>25,351,833</u>
Loans and borrowings		881,897	-	-	881,897
Accounts Payable		794,439	-	-	794,439
Deferred tuition fees	(c)	1,061,403	-	(1,061,403)	-
Capital grants	(c)	600,119	-	(600,119)	-
Deferred income	(a) (c)	<u>5,022,061</u>	<u>199,092</u>	<u>1,061,403</u>	<u>6,282,556</u>
Current liabilities		<u>8,359,919</u>	<u>199,092</u>	<u>(600,119)</u>	<u>7,958,892</u>
Total liabilities		<u>32,953,638</u>	<u>357,087</u>	=	<u>33,310,725</u>
Total equity and liabilities		<u>50,551,674</u>	<u>357,087</u>	=	<u>50,908,761</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35 CORRECTION OF ERRORS (CONTINUED)

Statement of financial position

31 December 2019		Impact of Correction of error			
		As previously	Adjustments	Reclassifications	As restated
ASSETS					
Property, plant and equipment	(a)	39,830,944	102,042	-	39,932,986
Intangible assets		<u>116,008</u>	=	=	<u>116,008</u>
Non-current assets		<u>39,946,952</u>	<u>102,042</u>	=	<u>40,048,994</u>
Short term investments	(b)	2,030,473	-	(1,133,939)	896,534
Accounts receivable		719,424	-	-	719,424
Amount due from related party	(a)	29,700	(29,700)	-	-
Inventories		30,953	-	-	30,953
Other asset		1,200,000	-	-	1,200,000
Cash and cash equivalents	(a) (b)	<u>7,981,089</u>	<u>429,559</u>	<u>1,133,939</u>	<u>9,544,587</u>
Current assets		<u>11,991,639</u>	<u>399,859</u>	=	<u>12,391,498</u>
Total assets		<u>51,938,591</u>	<u>501,901</u>	=	<u>52,440,492</u>
EQUITY AND LIABILITIES					
Equity					
Accumulated fund	(a)	11,319,142	(29,700)	-	11,289,442
Revaluation reserve		<u>9,255,994</u>	=	=	<u>9,255,994</u>
Total equity		<u>20,575,136</u>	<u>(29,700)</u>	=	<u>20,545,436</u>
Loans and borrowings		6,535,116	-	-	6,535,116
Deferred income	(a) (c)	<u>17,826,275</u>	<u>102,043</u>	<u>628,043</u>	<u>18,556,361</u>
Non-current liabilities		<u>24,361,391</u>	<u>102,043</u>	<u>628,043</u>	<u>25,091,477</u>
Loans and borrowings		717,467	-	-	717,467
Accounts Payable		593,109	-	-	593,109
Deferred tuition fees	(c)	1,160,199	-	(1,160,199)	-
Capital grants	(c)	628,043	-	(628,043)	-
Deferred income	(a) (c)	<u>3,903,246</u>	<u>429,558</u>	<u>1,160,199</u>	<u>5,493,003</u>
Current liabilities		<u>7,002,064</u>	<u>429,558</u>	<u>(628,043)</u>	<u>6,803,579</u>
Total liabilities		<u>31,363,455</u>	<u>531,601</u>	=	<u>31,895,056</u>
Total equity and liabilities		<u>51,938,591</u>	<u>501,901</u>	=	<u>52,440,492</u>

Statement of comprehensive income

For the year ended 31 December 2019		Impact of Correction of error			
		As previously reported	Adjustments	Reclassification	As restated
Tuition fees		8,903,655	-	-	8,903,655
Grant released	(d)	<u>7,518,266</u>	=	<u>(7,518,266)</u>	=
Total revenue		<u>16,421,921</u>	=	<u>(7,518,266)</u>	<u>8,903,655</u>
Grant income	(d) (a)	-	2,854,605	7,518,266	10,372,871
Other income	(a)	<u>2,221,892</u>	<u>(29,700)</u>	=	<u>2,192,192</u>
Total income		<u>18,643,813</u>	<u>2,824,905</u>	=	<u>21,468,718</u>
Scholarship award	(d)	(5,363,453)	-	5,363,453	-
Donor expenses	(a) (d)	-	(2,798,150)	(7,574,721)	(10,372,871)
Administrative and general expenses	(d)	(4,734,321)	-	1,526,772	(3,207,549)
Salaries and benefits		(3,765,788)	-	-	(3,765,788)
Depreciation and amortization	(d)	(1,601,675)	(56,455)	684,496	(973,634)
Impairment loss on financial assets		<u>(2,500)</u>	=	=	<u>(2,500)</u>
Total expenses		<u>(15,467,737)</u>	<u>(2,854,605)</u>	=	<u>(18,322,342)</u>
Net finance cost		<u>(198,976)</u>	=	=	<u>(198,976)</u>
Surplus for the year		<u>2,977,100</u>	<u>(29,700)</u>	=	<u>2,947,400</u>
Total Comprehensive Income		<u>2,977,100</u>	<u>(29,700)</u>	=	<u>2,947,400</u>

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35 CORRECTION OF ERRORS (CONTINUED)

Statement of cashflow		Impact of Correction of error		
		As previously reported	Adjustment s	As restated
For the year ended 31 December 2019		US\$	US\$	US\$
Cash flows from operating activities				
Surplus for the year	(a)	2,977,100	(29,700)	2,947,400
Adjustments for:				
Depreciation	(a)	1,518,358	56,455	1,574,813
Amortisation		83,317	-	83,317
Release of deferred income	(a)	(7,544,753)	(2,854,606)	(10,399,359)
Interest income		(327,138)	-	(327,138)
Interest Expense		526,114	-	526,114
Impairment loss on financial assets		2,500	-	2,500
Unrealised exchange difference		<u>6,553</u>	=	<u>6,553</u>
		<u>(2,757,949)</u>	<u>(2,827,851)</u>	<u>(5,585,800)</u>
Changes in:				
Accounts receivable		1,620,495	-	1,620,495
Related party	(a)	29,700	(29,700)	-
Inventories		1,373	-	1,373
Accounts payable		(201,330)	-	(201,330)
Deferred tuition fees		<u>98,796</u>	=	<u>98,796</u>
Cash used in operations		<u>(1,208,915)</u>	<u>(2,857,551)</u>	<u>(4,066,466)</u>
Interest paid		<u>(536,498)</u>	=	<u>(536,498)</u>
Net cash used in operating activities		<u>(1,745,413)</u>	<u>(2,857,551)</u>	<u>(4,602,964)</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(a)	(4,383,540)	(500)	(4,384,040)
Interest received		282,743	-	282,743
Purchase of investments		<u>(853,224)</u>	=	<u>(853,224)</u>
Net cash used in investing activities		<u>(4,954,021)</u>	<u>(500)</u>	<u>(4,954,521)</u>
Cash flows from financing activities				
Grants received from capital project	(a)	987,061	500	987,561
Grants received for sponsored scholarship and research	(a)	5,797,895	3,028,618	8,826,513
Repayment of borrowings		<u>(717,468)</u>	=	<u>(717,468)</u>
Net cash from financing activities		<u>6,067,488</u>	=	<u>9,096,606</u>
Net increase /(decrease) in cash and cash equivalents		2,397,172	(2,858,051)	(460,878)
Cash and cash equivalents at 1 January		9,812,926	199,092	10,012,018
Effect of exchange rate fluctuations on cash held		<u>(6,553)</u>	=	<u>(6,553)</u>
Cash and cash equivalents at 31 December		<u>12,203,545</u>	<u>(2,658,959)</u>	<u>9,544,587</u>

APPENDIX 1- CORPORATE SOCIAL RESPONSIBILITY

Ashesi's mission to educate a new generation of ethical and entrepreneurial African leaders equipped with critical thinking skills, the concern for others, and courage is not only transformational but also intrinsically charitable. This is because Ashesi University and the Ashesi University Foundation, a US 501(c)(3) non-profit organization that supports it, are both by nature and impact independent public benefit education institutions operating on a not-for-profit basis.

Our focus on public benefit is undergirded by our core values of scholarship, leadership and citizenship and vision of enabling an African renaissance driven by a new generation of ethical, entrepreneurial leaders. The attainment of our mission to educate a new generation of ethical, entrepreneurial leaders in Africa is underpinned by our Strategic Plan, commitment to leadership, transparency and accountability as well as our adoption of the World Bank's Environmental and Social Framework and support of the UN Sustainable Development Goals (SDGs).

This statement therefore provides a brief summary of our significant impact and progress in realizing strategic priorities, building institutional momentum and advancing sustainability across our University and beyond in extraordinary times when our university, country, continent, and world face unprecedented challenges brought on by the COVID-19 pandemic. Our achievements in promoting quality higher education across the continent during the year under review, are illustrated more explicitly in the separate Sustainability Report 2020.

Education and scholarship

Through these uncertain times, we continue to advance our goal of promoting quality higher education across the continent. To truly transform Africa, many more centres of excellence like Ashesi must develop, and the entire higher education ecosystem must work together to develop entrepreneurial and ethical young leaders. Through the Education Collaborative, we are enabling other higher educational institutions in Africa to improve graduate outcomes and develop new strategies for teaching and learning. It is also leading education collaborative in Africa aimed at developing a collaborative learning experiences and knowledge sharing to strengthen and impact education transformation in Africa.

Ashesi continues to make significant progress in improving quality and access to higher education in Africa. In 2020, 43% of Ashesi students received scholarships valued at over 3.9 million dollars covering, tuition fees, housing, laptops, meals and stipends. 50% of these scholarship recipients are women. 24 African countries are represented on our campus, and 48% of these students are women. This is a deliberate strategy in ensuring diversity and inclusion.

Research

During the year under review, Ashesi launched the Creative and Research Internship Program, which is designed to involve students more deeply in our university's budding research ecosystem. This elective course enables students to either pursue original research under faculty supervision or support faculty projects by working as research assistants, producing master's-level research intended for publication. Research gives students an opportunity to tackle real-world problems and work side-by-side with their professors.

APPENDIX 1- CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Research (continued)

This year also saw Ashesi launch the New Entrepreneurs Xchange for Transformation: Idea to Impact (NEXTi2i) program in collaboration with MIT D-Lab, with funding from USAID. NEXTi2i includes three pillars: lean research, ecosystem convenings for Ghana's entrepreneurship stakeholders, and the Ashesi Venture Incubator (AVI), a business incubator for recent Ashesi graduates. Led by Ashesi entrepreneurship faculty Jewel Thompson, the yearlong AVI program accepts participants with proofs-of concepts and recruits based on the strongest applications. Twelve inaugural fellows started their AVI experience in fall 2019 and will have the opportunity to build and refine their businesses through business coaching from local and global business leaders, business development sessions, support services, and financial stipends.

Environment and sustainability

Ashesi supports the UN Sustainable Development Goals (SDGs) — a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. We understand that social entrepreneurs play a vital role in achieving the SDGs, and so in 2019 Ashesi launched the New Entrepreneurs Xchange for Transformation: Idea to Impact (NEXTi2i) program in collaboration with MIT D-Lab, with funding from USAID. Over 600,000 dollars of investment has been made as of 2020.

Furthermore, Ashesi University has adopted and abides by the World Bank's Environmental and Social Framework, and leads a consortium that forms the Ghana Climate Innovation Centre (GCIC), which supports Small to Medium Enterprises (SMEs) and technologies building solutions to climate change and adaptation.

Ashesi support the Nana Odeefo Oteng Korankye Education Fund, environmental sanitation, unity, peaceful and social harmony valued at over 350,000 Ghana Cedi within Berekuso and the Akwapim South District

The University continues to ensure steady investment and growth in its environmental footprint in line with its business and environmental sustainability strategy.

Summary of Charitable giving during the 2020 fiscal year:

	2020	2019
	US\$	US\$
Tuition	3,291,976	5,363,453
Students Rooms and Boarding	645,602	816,319
COVID 19 Interventions (Health & Community Supports)	<u>45,368</u>	-
	<u>3,982,946</u>	<u>6,179,772</u>

APPENDIX 1- CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

Sustainable Operations

Ashesi has proactively developed its environmental capability for sustainable handling of hazardous biological, chemical, bioengineering and health care waste in 2020. The hazardous waste program ensures safe collection, handling and storage capabilities in Ashesi for biosafety-level 1 and Level 2 wastes. The university's ongoing investment in Grid-tied Solar PVE substitution has resulted in relatively lower carbon emission factor (0.39 tCO₂ per MWh) compared to 0.43 tCO₂ per MWh for Grid electricity. In 2020, the Grid-tied Solar PVE investment resulted in reduced consumption of grid electricity by 208.5 MWh representing 25.0% of total grid electricity that would have been supplied (835.50 MWh) in the absence of the Solar PVE; of this amount, 23.5 MWh was exported to the Grid.

The actual utilized solar electricity was 185.05 MWh in 2020. It is imperative to note that the Grid-tied Solar Pve substitution has relatively lower carbon emission factor (0.39 tCO₂ per MWh) compared to 0.43 tCO₂ per MWh for Grid electricity. This translates to GHG emissions reduction of 0.04 tone CO₂ per MWh. The annual emission reduction of greenhouse gas by the RE program for the substation of 208.5 MWh is estimated at 8.34 tone of CO₂ in 2020.

Furthermore, the on-going implementation of Ashesi's renewable energy program responds to SDG 7 (Clean and affordable energy) and SDG 13 (Climate action). Presently, Ashesi has achieved 10% RE penetration of its total electricity consumption. Ashesi has thus exceeded the 10% penetration target advocated under the UNSE4ALL by 2030.

In addition, Ashesi implemented its water quality assurance plan (WQAP)⁴⁵ in compliance with USAID environmental guidelines for small-scale water supply. Drinking water sampling for laboratory analysis at the Water Research Institute of Ghana has also been maintained during the period. The university continues to meet its water quality standards as measured by WBG/IFC and GSA. Average PH drinking water as of 2020 was 7.63 compared to EPA/WHO guideline of 6.5-8.5.

Sustainability and Community

Ashesi's logo and identity symbolise a new beginning as well as intellectual exploration and discovery reflecting Ashesi's focus on the people in and around its community: students, alumni, teachers, parents and members of the broader society.

Health and Safety

The University is committed to ensuring the health and safety of its workforce. Ashesi maintains employee health insurance, Group Life and Accident Policies to include Workman Compensation covering employee to/from work etc. Furthermore, in line with Government of Ghana and WHO standards, Ashesi rolled out regular COVID-19 testing, as well as health and wellness education to support a healthy lifestyle for the entire community, including construction workers onsite. The university's remote working conditions enabled staff to live and work remotely, whilst adhering to all COVID19 health protocols prior to the arrival of vaccines in Ghana.

Partnerships and Collaboration

Ashesi University and Arizona State University (ASU) launched a new partnership that deepens efforts from both universities to strengthen education outcomes in Africa during the year. Under the partnership, Ashesi students complete their fourth year at ASU and stay on for an additional year at the university to complete their chosen master's program. Students who complete the program receive an undergraduate degree from Ashesi and a master's degree from ASU. 16 Ashesi students are currently studying at ASU and are drawn from each of Ashesi's undergraduate programs — Engineering, Computer Science, Business Administration, and Management Information Systems. In order to strengthen engineering and develop relevant skills for industry in Africa, Ashesi in 2020 signed a ground-breaking partnership with ETH Zurich to offer full scholarship 3-year master's program in mechanics engineering.