

***ASHESI UNIVERSITY COLLEGE***

***FINANCIAL STATEMENTS  
31 DECEMBER 2013***

**ASHESI UNIVERSITY COLLEGE**  
*(A Company Limited by Guarantee)*

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**I N D E X**

	<b>P a g e</b>
Board of Directors, Officials, Registered Office, etc.	2
Report of the Directors	3
Independent Auditor's Report	5
Income and Expenditure Account and Accumulated Fund	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10

**ASHESI UNIVERSITY COLLEGE**  
*(A Company Limited by Guarantee)*

**CORPORATE INFORMATION**

**DIRECTORS**

Patrick Awuah  
Patrick Nutor  
Charles Cofie  
Kofi Kwakwa  
Francis Dodoo  
Esua-Mensah, Pearl  
Henry K. Prempeh

**REGISTERED OFFICE**

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

**SOLICITORS**

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

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

**AUDITOR'S**

KPMG  
Chartered Accountants  
13 Yiyiwa Drive  
P. O. Box GP 242  
Accra.

**BANKERS**

Ecobank Ghana Limited  
Zenith Bank Ghana Limited

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
ASHESI UNIVERSITY COLLEGE**

**DIRECTORS' RESPONSIBILITY STATEMENT**

The company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the balance sheet as at 31 December 2013, income and expenditure statement and cash flow statement 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 Ghana Accounting Standards and in the manner required by the Companies Act 1963, (Act 179) of Ghana.

The directors are responsible for ensuring that the company keeps proper accounting records that disclose with reasonable accuracy at any time, the financial position of the company. The directors are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

**FINANCIAL STATEMENTS AND DIVIDEND**

The results are summarised as follows:

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Surplus income over expenditure for the year is	379,995	458,735
to which is added balance brought forward on accumulated fund account	1,867,343	1,408,608
	<u>2,247,338</u>	<u>1,867,343</u>
leaving a surplus on the accumulated fund of	<u>2,247,338</u>	<u>1,867,343</u>

The directors consider the state of affairs of the company to be satisfactory.

**NATURE OF BUSINESS**


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

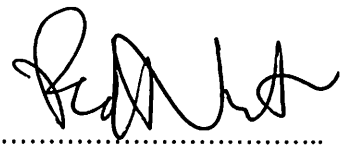
There was no change in the nature of business of the company during the year.

**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
ASHESI UNIVERSITY COLLEGE**

**APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the company as indicated above were approved by the board of directors on 3<sup>rd</sup> July....., 2014 and are signed on their behalf by:

  
.....  
**DIRECTOR**  
PATRICK AWUAH

  
.....  
**DIRECTOR**  
PATRICK NUTOR

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ASHESI UNIVERSITY COLLEGE**

**Report on the financial statements**

We have audited the accompanying financial statements of Ashesi University College, which comprise the balance sheet at 31 December 2013, income and expenditure statement and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies as set out on pages 7 to 15.

*Directors' Responsibility for the financial statements*

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Ghana Accounting Standards and in the manner required by the Companies Act 1963, (Act 179) and 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.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statement give a true and fair view of the financial position of Ashesi University College at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with Ghana Accounting Standards and in the manner required by the Companies Act 1963, (Act 179) of Ghana.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
ASHESI UNIVERSITY COLLEGE (CONT'D)**

**Report on Other Legal and Regulatory Requirements**

*Compliance with the requirements of Section 133 of the Companies Act 1963, (Act 179) 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, and the balance sheet and income and expenditure statement are in agreement with the books of account.



.....  
Signed by: Nathaniel D. Harlley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/2014/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P O BOX GP 242

ACCRA



..... 2014

**ASHESI UNIVERSITY COLLEGE**  
*(A Company Limited by Guarantee)*

**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 US\$	2012 US\$
<b>INCOME</b>			
Fees	3	2,850,038	2,551,699
Other Income	4	967,727	654,414
		-----	-----
		3,817,765	3,206,113
		-----	-----
<b>EXPENDITURE</b>			
Administrative and General Expenses	5	1,207,956	997,918
Salaries and Benefits		1,497,735	1,286,522
Bad Debts		406	42,227
Depreciation	6	562,906	341,608
Repairs and Maintenance		168,767	44,640
Exchange Loss		-	34,463
		-----	-----
		3,437,770	2,747,378
		-----	-----
Net Surplus transferred to accumulated fund		379,995	458,735
		=====	=====

**ACCUMULATED FUND**  
**FOR THE YEAR ENDED 31 DECEMBER, 2013**

	2013 US\$	2012 US\$
Balance at 1 January	1,867,343	1,408,608
Net Surplus for the year	379,995	458,735
	-----	-----
Balance at 31 December	2,247,338	1,867,343
	=====	=====



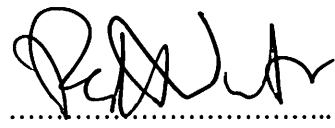
**ASHESI UNIVERSITY COLLEGE**  
(A Company Limited by Guarantee)

**BALANCE SHEET AT 31 DECEMBER 2013**

	Note	2013 US\$	2012 US\$
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	6	9,404,227	8,994,263
<b>CURRENT ASSETS</b>			
Accounts Receivable	7	635,827	457,231
Cash and Bank Balances	8	2,263,033	1,279,343
Short Term Investment	9	854,542	-
		3,753,402	1,736,574
<b>CURRENT LIABILITIES</b>			
Accounts Payable	10	949,026	649,230
MasterCard Foundation Fellowship Program	11	874,115	695,975
Loans due within one year	13	416,667	208,333
		2,239,808	1,553,538
<b>NET CURRENT ASSETS</b>			
		1,513,594	183,036
Loans after one year	13	(1,875,000)	(2,291,667)
Grants	14	(6,795,483)	(5,018,289)
<b>NET ASSETS</b>			
		2,247,338	1,867,343
Financed by:			
<b>ACCUMULATED FUND</b>			
		2,247,338	1,867,343

.....  
  
**DIRECTOR**

PATRICK AWUAH

.....  
  
**DIRECTOR**  
 PATRICK NUTOR

**ASHESI UNIVERSITY COLLEGE**  
*(A Company Limited by Guarantee)*

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from operating activities</b>		
Operating Surplus	379,995	458,735
<i>Adjustment for:</i>		
Depreciation charges	562,906	341,608
Interest income	(21,216)	(31,587)
Grants released into income	(172,884)	(50,690)
Loss on disposal of property plant and equipment	1,727	2,382
Interest expense	184,000	185,801
	-----	-----
	934,528	906,249
(Increase)/Decrease in accounts receivable	(205,314)	44,221
(Decrease)/Increase in accounts payable	477,935	195,955
Decrease in students loans	26,718	21,248
	-----	-----
<b>Cash Flow from in Operating Activities</b>	<b>1,233,867</b>	<b>1,167,673</b>
Interest Received	21,216	31,587
Interest paid	(184,000)	(185,801)
	-----	-----
Net Cash generated from Operating Activities	1,071,083	1,013,459
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(975,246)	(933,732)
Increase in grants	1,950,078	469,275
Proceeds from disposals of property plant and equipment	650	10,988
	-----	-----
	975,482	(453,469)
<b>Cash Flow from Financing Activities</b>		
Loans (paid)/received in the year	(208,333)	31,585
	-----	-----
<b>Increase in Cash and Cash Equivalents</b>	<b>1,838,232</b>	<b>591,575</b>
Balance at 1 January	1,279,343	687,768
	-----	-----
Balance at 31 December	3,117,575	1,279,343
	=====	=====
<b>Analysis of balances of cash and</b>		
<b>Cash equivalents as shown in the balance sheet</b>		
Cash and Bank Balances	2,263,033	1,279,343
Short Term Investment	854,542	-
	-----	-----
	3,117,575	1,279,343
	=====	=====

**ASHESI UNIVERSITY COLLEGE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention and in accordance with Ghana Accounting standards.

**2. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

**(a) Depreciation**

Depreciation is provided on a straight-line basis at rates calculated to write off the gross value of each fixed asset over its estimated useful life. The estimated useful lives are as follows:

Leasehold Land and Buildings	-	over the shorter of lease period and 50 years
Equipment	-	5 years
Furniture and Fittings	-	5 years
Computer Software	-	3 years
Motor Vehicles	-	5 years
Library Books	-	3 years

Depreciation is charged pro rata in the year of acquisition and in the year of disposal. The company's capitalisation threshold is US\$150 for all assets purchased within the year.

**(b) Foreign Exchange Transactions**

Transactions denominated in currencies other than the US dollar are translated into US dollar at the exchange rate ruling at the dates of the transaction.

Balances denominated in currency other than the US dollar are translated into US dollar and recorded at the rates of exchange ruling at the balance sheet date.

The resultant gains and losses are recognized in the income and expenditure account.

**(c) Accounts Receivable**

Accounts receivable are stated net of any provision for bad and doubtful debts.

**(d) Grant**

Grants are funds received from Ashesi Foundation for the support of Campus Project construction. Grants are deferred and released to profit and loss over the estimated useful life of the underlying assets.

## 2. ACCOUNTING POLICIES – CONT'D

### (e) MasterCard Foundation Fellowship Program

The University entered into a partnership with MasterCard Foundation (MCF) of Canada in November 2011 to extend scholarships to Ashesi-MCF Fellowship students over 10 year period.

### (f) Investments

Investment is stated at cost.

### (g) Tuition fees

Tuition fees are recognised on an accrual basis. Early payment of fees attracts an early payment discount.

### (h) Tuition and Housing fees (grant)

Tuition (fees) grants are grants given to students on financial aid. This amount is set off against the tuition fees. Housing grant given to students on financial aid is also set off against housing fees.

### (i) Functional and presentational currency

The financial statements are presented in United States dollars (US\$) which is the company's functional currency.

	2013 US\$	2012 US\$
<b>3. FEES</b>		
Tuition Fees	3,603,782	3,166,826
Less grants to students	(753,744)	(615,127)
	<u>2,850,038</u>	<u>2,551,699</u>
<b>4. OTHER INCOME</b>		
Student Housing and Admission fees	473,679	431,025
Interest Income	21,216	-
Graduation Fees	18,200	11,060
Bad debts recovered	25,317	32,830
Departmental income	242,971	118,169
Non-Refundable fees	-	10,640
Capital grants released to income	172,884	50,690
Exchange Gain	12,435	-
Donation (a)	1,025	-
	<u>967,727</u>	<u>654,414</u>

a. This shows the net effect of general donation of US\$39,725 received from donors during the year and from which US\$38,703 was utilized for emergency scholarships.

## 5. ADMINISTRATIVE AND GENERAL EXPENSES

	2013 US\$	2012 US\$
Included in this caption is auditor's Remuneration	23,000	20,000

## 6. PROPERTY, PLANT & EQUIPMENT

Cost	Computer Software & Accessories US\$	Buildings & Leasehold Property US\$	Furniture, Fitting & Equipment US\$	Textbooks & Library Books US\$	Equipment & Motor Vehicles US\$	Capital Work-In Progress US\$	Total US\$
At 1 January, 2013	269,901	8,456,316	238,019	195,588	300,374	87,089	9,547,287
Additions	306,391	89,954	32,576	61,019	82,106	403,200	975,246
Disposals	(3,617)	-	(3,838)	-	(1,513)	-	(8,968)
Transfers	-	237,136	-	-	-	(237,136)	-
At 31 December, 2013	<u>572,675</u>	<u>8,783,406</u>	<u>266,757</u>	<u>256,607</u>	<u>380,967</u>	<u>253,153</u>	<u>10,513,565</u>
<b>Accumulated Depreciation</b>							
At 1 January, 2013	125,194	162,876	61,369	70,614	132,970	-	553,023
Charge for the year	146,791	221,569	51,307	74,950	68,289	-	562,906
Released on disposal	(3,617)	-	(2,347)	-	(627)	-	(6,591)
At 31 December, 2013	<u>268,368</u>	<u>384,445</u>	<u>110,329</u>	<u>145,564</u>	<u>200,632</u>	<u>-</u>	<u>1,109,338</u>
<b>Net Book Value</b>							
At 31 December, 2013	<u>304,307</u>	<u>8,398,961</u>	<u>156,428</u>	<u>111,043</u>	<u>180,335</u>	<u>253,153</u>	<u>9,404,227</u>
At 31 December, 2012	<u>144,707</u>	<u>8,293,440</u>	<u>176,650</u>	<u>124,974</u>	<u>167,403</u>	<u>87,089</u>	<u>8,994,263</u>

### (b) Loss on disposal of property, plant and equipment

	2013 US\$	2012 US\$
Cost	8,968	36,279
Accumulated depreciation	(6,591)	(22,910)
Net book value	<u>2,377</u>	<u>13,369</u>
Sale proceeds	650	10,988
Loss on disposal	<u>(1,727)</u>	<u>(2,381)</u>

**7. ACCOUNTS RECEIVABLE**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Tuition fees receivable	57,161	52,361
Staff Loans	39,517	29,700
Other receivables	17,549	25,022
Advance Payment to Contractors	213,760	-
Prepayment	16,290	31,880
Students loan	291,550	318,268
	-----	-----
	<u>635,827</u>	<u>457,231</u>

The maximum amount due from officers of the University during the year amounted to US\$39,000 (2012: US\$29,000).

**8. CASH AND BANK BALANCES**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Bank balances	2,263,033	1,279,193
Cash on hand	-	150
	-----	-----
	<u>2,263,033</u>	<u>1,279,343</u>

**9. SHORT TERM INVESTMENTS**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Treasury Bills	254,542	-
Fixed Deposit (a)	600,000	-
	-----	---
	<u>854,542</u>	<u>-</u>

a. This represents investment in fixed deposit using funds from the MasterCard Foundation Fellowship Program.

**10. ACCOUNTS PAYABLE**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Tuition fees paid in advance	407,394	238,870
Accrued Expenses	142,382	99,340
Other payables	399,250	311,020
	-----	-----
	<u>949,026</u>	<u>649,230</u>

**11. MASTERCARD FOUNDATION FELLOWSHIP PROGRAM**

	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
Balance at 1 January	695,975	248,364
Received during the year	1,273,940	846,191
Amount utilized during the year	(1,095,799)	(407,813)
	-----	-----
Balance at 31 December	<u>874,115</u>	<u>695,975</u>

The university entered into a US\$13 million partnership with MasterCard Foundation (MCF) of Canada in November 2011 to extend scholarships to Ashesi-MCF Fellowship students over 10 year period. Amount utilized during the year include students recruitment program support, salaries and professional fees, tuition fees, housing fees and other program support on behalf of Ashesi MCF fellows.

**12. TAXATION**

The University is a non-profit making institution and its income is exempted from income tax in accordance with Internal Revenue Act, 2000 (Act 592), Section 10 (1) (d).

**13. LOANS**

	<b>2013</b> <b>US\$</b>	<b>2012</b> <b>US\$</b>
Balance at 1 January	2,500,000	2,500,000
Payments	(208,333)	-
	-----	-----
Balance at 31 December	<u>2,291,667</u>	<u>2,500,000</u>
	-----	-----
Payable within one year	416,667	208,333
Payable after one year	1,875,000	2,291,667
	-----	-----
Balance at 31 December	<u>2,291,667</u>	<u>2,500,000</u>

This relates to a loan amount of US\$2,500,000 was obtained from the International Finance Corporation (IFC) in the year 2010 for the construction of a university campus. It attracts an interest rate of 7.36% which is accrued on a day to day basis. Front fees of \$25,000 was paid 30 days after agreement was signed and a commitment fee of 1% is paid on that part of the loan that is not being disbursed or cancelled to be pro-rated on the basis of a 360 day calendar year.

**14. GRANTS**

	<b>2013</b>	<b>2012</b>
	<b>US\$</b>	<b>US\$</b>
Balance at 1 January	5,018,289	4,599,704
Received during the year	1,950,078	469,275
Amount amortized during the year	(172,884)	(50,690)
	-----	-----
Balance at 31 December	<u>6,795,483</u>	<u>5,018,289</u>

Grants are funds received from Ashesi Foundation and USAID ASHA for the support of Campus Project Construction and Campus IT Projects.

**15. EMPLOYEE BENEFITS****(i) Defined Benefit Plans**

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

**16. CAPITAL COMMITMENTS**

Capital commitments as at 31 December, 2013 amounted to US\$3,280,712 (2012: Nil).

**17. CONTINGENT LIABILITIES**

There were no contingent liabilities as at 31 December, 2013 (2012: Nil).

**18. EXCHANGE CONTROL**

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



**ASHESI UNIVERSITY COLLEGE**  
*(A Company Limited by Guarantee)*

**ADMINISTRATIVE AND GENERAL EXPENSES**

	2013 US\$	2012 US\$
Professional Fees	356,442	246,812
Supplies and Libraries	20,040	13,438
Postage and Delivery	3,935	4,534
Printing and Reproductions	16,771	18,776
Periodical Subscriptions & Dues	9,889	9,861
Occupancy Expense	279,181	245,195
Travel, Conference & Entertainment	39,876	63,715
Marketing and Promotion	97,800	86,927
Equipment Expense	7,263	2,420
Automobile Expense	37,453	24,163
Insurance	30,349	24,925
Licenses and Permits	47,181	18,981
Bank Service Charge	13,030	7,958
Miscellaneous	32,872	17,894
Interest Expense	184,000	185,802
Loss on disposal of Property, Plant & Equipment	1,727	2,382
Recruitment Expense	7,147	4,135
Audit Fees	23,000	20,000
	-----	-----
	<u>1,207,956</u>	<u>997,918</u>