

*ASHESI UNIVERSITY COLLEGE*

*FINANCIAL STATEMENTS*  
*31 DECEMBER 2014*

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

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

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

**CORPORATE INFORMATION**

**DIRECTORS**

Patrick Awuah (*President*)  
 Kofi Kwakwa (*Chairman*)  
 Patrick Nutor  
 Charles Cofie  
 Francis Dodoo  
 Pearl Esua-Mensah  
 Henry K. Prempeh  
 Tamar Di Franco (*Appointed: 27/09/2014*)  
 Yawa Hansen-Quao (*Appointed: 27/09/2014*)  
 Harriette Amissah-Arthur (*Appointed: 27/09/2014*)

**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  
 Accra

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

**AUDITOR**

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 Directors present their report and the financial statements of the University for the year ended 31 December 2014.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The university's directors are responsible for the preparation and fair presentation of these financial statements comprising the statement of financial position at 31 December 2014 and the statement of financial performance, statement of changes in net assets and the statement of cash flow 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 (IFRS) 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.

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

The directors have made an assessment of the university's ability to continue as a going concern and have reason to believe that the university will continue as a going concern.

**FINANCIAL STATEMENTS**

The results are summarised as follows:

	2014 USS	Restated 2013 USS
Surplus income over expenditure for the year is to which is added balance brought forward on accumulated fund account	649,328	379,995
	2,247,338	1,867,343
leaving a surplus on the accumulated fund of	<u>2,896,666</u>	<u>2,247,338</u>

The directors consider the state of the university's affairs to be satisfactory.

**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.

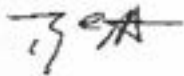
**REPORT OF THE DIRECTORS  
TO THE MEMBERS OF  
ASHESI UNIVERSITY COLLEGE**

**CHANGES IN FINANCIAL REPORTING FRAMEWORK**

In line with changes in the financial reporting framework announced by the Institute of Chartered Accountants of Ghana in consultation with other regulatory bodies, the University adopted International Financial Reporting Standards (IFRSs) as the reporting framework with effect from 1 January 2013, as a result, the attached financial statements have been prepared in accordance with IFRS.

**APPROVAL OF FINANCIAL STATEMENTS**

The financial statements of the University as indicated above were approved by the Board of Directors on 3 July....., 2015 and are signed on their behalf by:



PATRICK Aweaah  
DIRECTOR



PATRICK NUTOR  
DIRECTOR

**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 statement of financial position at 31 December 2014, statement of financial performance, net assets 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 7 to 38.

*Directors' Responsibility for the financial statements*

The university's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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 2014, 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 1963, (Act 179).

**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 statement of financial position and financial performance are in agreement with the books of account.

*KPMG*

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

For and on behalf of:

KPMG: (ICAG/F/2015/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELENKPE

P O BOX GP 242

ACCRA

*3 July* ..... 2015

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

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 US\$	Restated 2013 US\$
<b>INCOME</b>			
Tuition Fees		3,950,160	3,552,498
Other Income	9	1,038,034	826,248
Grant Released	18(b)	1,887,314	1,268,683
<b>Total income</b>		<u>6,875,508</u>	<u>5,647,429</u>
<b>EXPENSES</b>			
Scholarship Award	10	1,733,131	1,268,046
Administrative and General Expenses	11	2,127,861	1,775,963
Salaries and Benefits		1,626,223	1,497,735
Depreciation and Amortisation	22	669,026	562,906
<b>Total expenses</b>		<u>6,156,241</u>	<u>5,104,650</u>
Finance Income	19	83,394	21,216
Finance Cost	19	153,333	184,000
<b>Net finance cost</b>		<u>69,939</u>	<u>162,784</u>
<b>Net Surplus for the period</b>		649,328	379,995
Other Comprehensive income		-	-
<b>Total Comprehensive Income</b>		<u>649,328</u>	<u>379,995</u>

The notes on pages 11 to 38 are an integral part of these financial statements.



**ASHESI UNIVERSITY COLLEGE**  
*(A University Limited by Guarantee)*  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2014**

		2014	Restated 2013	Restated 1 Jan. 2013
	Note	US\$	US\$	US\$
<b>ASSETS</b>				
Property, Plant and Equipment	22	10,293,992	9,404,227	8,994,263
<b>Non-current asset</b>		<u>10,293,992</u>	<u>9,404,227</u>	<u>8,994,263</u>
Short Term Investment	14	1,289,099	854,542	-
Accounts Receivable	12	2,542,033	635,827	457,231
Cash and Cash Equivalents	13	3,407,689	2,263,033	1,279,343
<b>Current assets</b>		<u>7,238,821</u>	<u>3,753,402</u>	<u>1,736,574</u>
<b>Total assets</b>		<u>17,532,813</u>	<u>13,157,629</u>	<u>10,730,837</u>
<b>NET ASSETS AND LIABILITIES</b>				
<b>Net Assets</b>				
Accumulated Fund	24	2,896,666	2,247,338	1,867,343
<b>Net assets</b>		<u>2,896,666</u>	<u>2,247,338</u>	<u>1,867,343</u>
<b>LIABILITIES</b>				
Loans and Borrowings	20	2,458,321	1,875,000	2,291,667
Grant	18	9,167,686	6,622,599	4,845,405
<b>Non-current liabilities</b>		<u>11,626,007</u>	<u>8,497,599</u>	<u>7,137,072</u>
Loans and Borrowings	20	416,667	416,667	208,333
Accounts Payable	15	581,369	541,632	410,360
Deferred Tuition Fees	16	411,380	407,394	238,870
Grant	18	217,984	172,884	172,884
MasterCard Foundation Fellowship Program	17	1,382,740	874,115	695,975
<b>Current liabilities</b>		<u>3,010,140</u>	<u>2,412,692</u>	<u>1,726,422</u>
<b>Total liabilities</b>		<u>14,636,147</u>	<u>10,910,291</u>	<u>8,863,494</u>
<b>Total net assets and liabilities</b>		<u>17,532,813</u>	<u>13,157,629</u>	<u>10,730,837</u>

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*PATRICK AwuAH*  
**DIRECTOR**

*Patrick Newton*  
**PATRICK Newton**  
**DIRECTOR**

The notes on pages 11 to 38 are an integral part of these financial statements.

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

**STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED 31 DECEMBER 2014**

	Accumulated Fund US\$	Total US\$
<b>31 December 2014</b>		
Balance at 1 January 2014 (Restated)	2,247,338	2,247,338
<b>Total comprehensive income</b>		
Net surplus for the year	649,328	589,727
Balance at 31 December 2014	<u>2,896,666</u>	<u>2,837,065</u>
<b>Restated 31 December 2013</b>		
Balance at 1 January 2013	1,867,343	1,867,343
<b>Total comprehensive income</b>		
Net surplus for the year	379,995	379,995
Balance at 31 December 2013	<u>2,247,338</u>	<u>2,247,338</u>

The notes on pages 11 to 38 are an integral part of these financial statements.

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014	Restated 2013
	US\$	US\$
<b>Cash flows from operating activities</b>		
Net Surplus for the period	649,328	379,995
<i>Adjustment for:</i>		
Depreciation and amortisation	669,026	562,906
Grant Released	(217,984)	(172,884)
Loss on disposal of property plant and equipment	-	1,727
Net finance cost	69,939	162,784
	<u>1,170,309</u>	<u>934,528</u>
(Increase) in accounts receivable	(1,906,206)	(178,596)
Increase in accounts payable	39,736	131,272
Increase in deferred tuition fees	3,986	168,524
	<u>(692,175)</u>	<u>1,058,728</u>
Interest paid	(153,333)	(184,000)
<b>Net cash (used in)/from operating activities</b>	<b>(845,508)</b>	<b>871,728</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,558,790)	(975,246)
Proceeds from disposals of property, plant and equipment	-	650
Interest received	83,395	21,216
Purchase of fixed deposits	(452,080)	(600,000)
<b>Net cash used in investing activities</b>	<b>(1,927,475)</b>	<b>(1,553,380)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in grants	2,808,169	1,950,077
Increase in MasterCard Foundation Fellowship Program	508,625	178,140
Proceeds from new borrowings	999,988	-
Repayment of borrowings	(416,667)	(208,333)
<b>Net cash from financing activities</b>	<b>3,900,115</b>	<b>1,919,884</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,127,132</b>	<b>1,238,232</b>
Cash and Cash Equivalents at 1 January	2,517,576	1,279,343
<b>Cash and Cash Equivalents at 31 December</b>	<b>3,644,708</b>	<b>2,517,575</b>

The notes on pages 11 to 38 are an integral part of these financial statements.

**ASHESI UNIVERSITY COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**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 wholly 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.

**2. BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

This is the university's first financial statements prepared in accordance with IFRSs and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the university is provided in Note 28.

**3. FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in United States Dollars, which is the functional currency of the university.

**4. USE OF JUDGEMENT AND ESTIMATES**

In preparing these financial statements, management has made judgements, 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 accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 6.

**5. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2013 for the purposes of the transition to IFRSs, unless otherwise indicated.

## 5. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

### (a) Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

### (b) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of items of property, plant and equipment was determined by reference to a previous GAAP valuation. The university elected to apply the optional exemption to use this previous valuation as deemed cost at 1 January 2013, the date of transition.

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.

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 cost 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the University will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Leasehold Land and Building	-	over the shorter of lease period and 50 years
Equipment	-	5 years
Furniture and Fittings	-	5 years
Motor Vehicle	-	5 years
Library Books	-	3 years

## 5. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

### (iii) Depreciation – (Cont'd)

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

### (c) 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 increase 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
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### (d) Financial instruments

The university classifies non-derivative financial assets into the following categories: held-to-maturity financial assets and loans and receivables.

The university classifies non-derivative financial liabilities into the other financial liabilities category

#### (i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The university initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The university derecognises a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the university is recognised as a separate asset or liability.

The university derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the university has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 5. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

### (d) Financial instruments – (Cont'd)

#### (ii) *Non-derivative financial assets – measurement*

##### *Held-to-Maturity*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

##### *Loans and receivables*

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprise accounts receivable.

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

#### (iii) *Non-derivative financial liabilities – measurement*

Non-derivative financial liabilities are initially recognized at fair values less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised costs using the effective interest rate method.

The university classifies its non-derivative financial liabilities as other financial liabilities measured at amortised cost. This comprises of loans and borrowings and accounts payable.

### (e) Impairment

#### (i) *Financial assets*

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss.

Individually significant financial assets are tested for impairment on an individual basis. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

## 5. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

### (ii) *Non-financial assets*

The carrying amounts of the university's non-financial assets are reviewed at each reporting date 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 cash inflows of other assets.

The recoverable amount of an assets is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

An impairment loss is recognised if the carrying amount of an assets exceeds its recoverable amount. Impairment losses is recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss have been recognised.

### (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 profit or loss, 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 Ashesi Foundation 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 as 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**

Tuition fees are recognised in profit or loss on an accrual basis when it is probable that future economic benefits of the transaction will flow to the entity, the tuition fees can be measured reliably and the costs are identifiable and can be measured reliably.

If the university provides tuition services over different reporting periods, then the tuition fees are deferred on a relative fair value basis between the different reporting periods.



## 5. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

### (i) Cash and Cash Equivalent

Cash and cash equivalents comprise cash on hand, deposits held on call with banks 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.

Cash and cash equivalent are carried at amortised cost.

### (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.

#### (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) *Provident fund*

The university has a provident fund scheme for all employees who have completed their probation period with the university.

Employees contribute 5% of their 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.

### (k) Provisions

Provisions are recognized when the university has a present legal or constructive obligation of uncertain timing or amount as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### (l) Related parties

For the purposes of these financial statements, a party is considered to be related to the university if:

- the party has the ability, directly or indirectly through one or more intermediaries, to control the university or exercise significant influence over the university in making financial and operating policy decisions, or has joint control over the group;
- the university and the party are subject to common control;

## 5. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

### (l) Related parties – (Cont'd)

- the party is an associate of the university or a joint venture in which the university is a venture;
- the party is a member of key management personnel of the group or the group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- the party is a post-employment benefit plan, which is for the benefit of employees of the university or of any entity that is a related party of the university.
- close family members of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

### (m) Subsequent events

Events subsequent to the reporting date are reflected in the financial statements only to the extent that they relate to the year under consideration and the effect is material.

### (n) Comparatives

Except when a standard or an international interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Comparative figures have been adjusted to conform to changes in presentation in the current year.

## 6. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

A number of the university's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in notes specific to that asset or liability.

### (a) Accounts receivable

The fair value of accounts receivable is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables due within 6-month period are not discounted as the carrying values approximate their fair values.

### (b) Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

### (c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Instruments with maturity periods of up to 6 months are not discounted as their carrying values approximate their fair values.

## 7. 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.

### (c) Credit Risk

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

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.

The university establishes an allowance for impairment that represents its estimate of incurred losses in respect of Accounts 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:

	2014	2013
	US\$	US\$
Accounts receivable	386,357	405,776
Short Term Investments	1,289,099	854,542
Bank Balances	3,407,689	2,263,033
	<u>5,083,145</u>	<u>3,523,351</u>

## 7. FINANCIAL RISK MANAGEMENT – (CONT'D)

### Concentration by Location

	2014 US\$	2013 US\$
Within Ghana		
Accounts receivable	386,357	405,776
Short Term Investments	1,289,099	854,542
Bank Balances	3,407,689	2,263,033
	<u>5,083,145</u>	<u>3,523,351</u>

### Impairment Losses

The ageing of accounts receivable at the reporting date was:

	2014 US\$	2013 US\$
Current (less than 90 days)	360,702	356,632
Due but not impaired (over 90 days)	25,655	49,134
	<u>386,357</u>	<u>405,776</u>

Based on historical default rates, the university believes that no impairment is necessary in respect of accounts receivable due but not impaired. However, impairment loss is recognised for specific customers whose debts are considered impaired.

No impairment loss was recognised for financial assets.

### (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.

The following are contractual maturities of financial liabilities:

#### 31 December 2014

	Amount US\$	6 months or less US\$	6-12 months US\$	More than 1 year US\$
<b>Non-derivative financial liabilities</b>				
IFC Loan	1,875,000	208,333	208,333	1,458,333
Loan from Ashesi Foundation	999,988	-	-	999,988
Accounts payable	581,368	581,368	-	-
	<u>3,456,356</u>	<u>789,701</u>	<u>208,333</u>	<u>2,458,321</u>

## 7. FINANCIAL RISK MANAGEMENT – (CONT'D)

31 December 2013

	Amount US\$	6 months or less US\$	6-12 months US\$	More than 1 year US\$
<b>Non-derivative financial liabilities</b>				
IFC Loan	2,291,667	208,333	208,333	1,875,000
Accounts payable	541,632	541,632	-	-
	<u>2,833,299</u>	<u>749,965</u>	<u>208,333</u>	<u>1,875,000</u>

## (e) Market Risk

Market rate risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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.

(i) Currency Risk<sup>1</sup>

The university is exposed to currency risk in terms of balances denominated in currencies other than the functional currency. The university's exposure to foreign currency risk was as follows based on notional amounts.

2014

Assets

GH¢

Bank balances

774,952

Net exposure

774,952

2013

Assets

GH¢

Bank balances

783,940

Net exposure

783,940

The following significant exchange rates applied during the year:

	Average rate		Reporting rate	
	2014	2013	2014	2013
GH¢ (€ 1)	3.04	2.06	3.20	2.16

## (ii) Sensitivity Analysis on Currency Risks

The following table shows the effect of a strengthening or weakening of US\$ against all other currencies on the university's statement of financial performance. This sensitivity analysis indicates the potential impact on the statement of financial performance 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.

## 7. FINANCIAL RISK MANAGEMENT – (CONT'D)

### (ii) Sensitivity Analysis on Currency Risks – (Cont'd)

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 or deficit by the amounts shown below:

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

	% Change	2014		% Change	2013	
		Income Statement Impact Strengthening	Income Statement Impact Weakening		Income Statement Impact Strengthening	Income Statement Impact Weakening
US\$	±10%	24,217	(24,217)	±10%	36,294	(36,294)

### (iii) Interest Rate Risk

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate instruments. Interest rate risk relates to the university's investments in floating or fixed rate deposits. At the reporting date, the interest rate profile of the university's interest-bearing financial instruments was:

	Carrying amounts	
	2014 US\$	2013 US\$
<b>Fixed rate instruments</b>		
Treasury Bills	237,019	254,542
Fixed Deposit	1,052,080	600,000
Loans and Borrowings	(2,874,988)	(2,291,667)
	<u>(1,585,889)</u>	<u>(1,437,125)</u>

## 7. FINANCIAL RISK MANAGEMENT – (CONT'D)

### (f) Fair Value of Financial Assets and Liabilities

#### (i) *Financial instruments not measured at fair value*

The table below sets out the carrying amounts and fair values of the university's financial assets and liabilities. It does not include fair value information because the carrying amount is a reasonable approximation of fair value.

	Carrying Value		Fair Value	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
<b>Financial assets</b>				
Short Term Investments	1,289,099	854,542	1,289,099	854,542
Accounts Receivable	2,542,033	635,827	2,542,033	635,827
Cash and Cash Equivalents	3,407,689	2,263,033	3,407,689	2,263,033
	<u>7,238,821</u>	<u>3,753,402</u>	<u>7,238,821</u>	<u>3,753,402</u>
<b>Financial liabilities</b>				
Loans and Borrowings	2,874,988	2,291,667	2,874,988	2,291,667
Accounts Payable	581,368	541,632	581,368	541,632
	<u>3,456,356</u>	<u>2,833,299</u>	<u>3,456,356</u>	<u>2,833,299</u>

#### *Accounts receivable*

Accounts receivable are net of charges for impairment. The estimated fair value of these receivable represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value.

#### *Short Term Investments*

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is rated using quoted market prices for securities with similar credit, maturity and yield characteristics. All available for sale assets are measured and carried at fair value.

#### (ii) *Fair value hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect the university's market assumptions. The two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund

## 7. FINANCIAL RISK MANAGEMENT – (CONT'D)

## (f) Fair Value of Financial Assets and Liabilities – (Cont'd)

managers and assets that are valued using the university's own models whereby the majority of assumptions are market observable.

Non-market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data.

The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the university.

Therefore, unobservable inputs reflect the university's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the university's own data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Financial Assets	Note	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>2014</b>					
Short Term Investments	14	-	1,289,099	-	1,289,099
Accounts receivable	12	-	-	2,542,033	2,542,033
		---	-----	-----	-----
<b>Total financial assets</b>		-	1,289,099	2,542,033	3,831,132
		==	=====	=====	=====
<b>2013</b>					
Short Term Investments	14	-	854,542	-	854,542
Accounts Receivables	12	-	-	635,827	635,827
		---	-----	-----	-----
<b>Total financial assets</b>		-	854,542	635,827	1,490,369
		==	=====	=====	=====
Financial Liabilities		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>2014</b>					
Loans and Borrowings	20	-	2,874,988	-	2,874,988
Accounts payable	15	-	-	581,368	581,368
		---	-----	-----	-----
<b>Total financial liabilities</b>		-	2,874,988	581,368	3,456,356
		==	=====	=====	=====
<b>2013</b>					
Loans and Borrowings	20	-	2,291,667	-	2,291,667
Accounts payable	15	-	-	541,632	541,632
		---	-----	-----	-----
<b>Total financial liabilities</b>		-	2,291,667	541,632	2,833,299
		==	=====	=====	=====



## 8. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective for the year ended 31 December 2014, and have not been applied in preparing these financial statements. These include the following Standards and Interpretations that may have an impact on future financial statements:

Standard/Interpretation		Effective date
IFRS 9 (2009)	Financial Instruments	Annual periods beginning on or after 1 January 2015
IFRS 9 (2010)	Financial Instruments	Annual periods beginning on or after 1 January 2015
IFRIC 21	Levies	Annual periods beginning on or after 1 January 2015
IAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortisation	Annual periods beginning on or after 1 January 2016
IFRS 15	Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2017
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2018
IAS 1	Disclosure Initiative	Annual periods beginning on or after 1 January 2016

### *IFRS 9 (2009) Financial Instruments*

IFRS 9 will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions. IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of the classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

This amendment will not have a significant impact on the university's financial statements.

### *IFRS 9 (2010) Financial Instruments*

IFRS 9 (2010) will be adopted for the first time for the financial reporting period ending 31 December 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace relevant sections of IAS 39. Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value. IFRS 9 (2010) incorporates guidance in IAS 39, dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9.

## 8. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED – (CONT'D)

This amendment will not have a significant impact on the university's financial statements.

### *IFRIC 21 Levies*

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognizes a liability for a levy when- and only when - the triggering event specified in the legislation occurs.

IFRIC 21 is not expected to have a material effect on the university's financial statements.

### *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The Group currently has several intangible assets and plants that are amortised or depreciated using a revenue-based method. The Group cannot overcome the rebuttable presumption above for its intangible assets, and consequently will have to change the amortisation and depreciation method for these items. The Group has assessed that the straight-line method would be the most appropriate method and will early adopt these amendments for its year ending 30 June 2015.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

This amendment will not have a significant impact on the university's financial statements.

### *IFRS 15 Revenue from contracts with customers*

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 30 June 2015 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

This amendment will not have a significant impact on the university's financial statements.

### *IFRS 9 Financial Instruments*

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

## 8. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED – (CONT'D)

This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group. The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

This amendment will not have a significant impact on the university's financial statements.

### *Disclosure Initiative (Amendments to IAS 1)*

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

This amendment will not have a significant impact on the university's financial statements.

## 9. OTHER INCOME

	2014	Restated 2013
	US\$	US\$
Student Housing and Admission fees	537,540	526,300
Graduation Fees	16,326	18,200
Bad debts recovered	32,162	25,317
Departmental income	314,850	242,971
Exchange Gain	137,156	12,435
Donation (a)	-	1,025
	<u>1,038,034</u>	<u>826,248</u>

- a. The balance for 2013 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.

## 10. SCHOLARSHIP AWARD

	2014	Restated 2013
	US\$	US\$
Tuition Grant	723,493	702,460
Housing Grant	38,854	52,621
MCF Tuition Fees, Housing and Medical Insurance	970,784	512,965
	<u>1,733,131</u>	<u>1,268,046</u>

### 11. ADMINISTRATIVE AND GENERAL EXPENSES

	2014 US\$	Restated 2013 US\$
Auditors' Remuneration	24,150	23,000
Repairs and Maintenance	124,793	168,767
Professional fees	179,628	356,442
MCF Program Expenses	698,546	582,834
Marketing, Promotions and Events	123,540	97,800
Property Management Expenses	224,084	279,181
Impairment of account receivables	-	406
Research Expenses	6,571	-
Other Administrative Cost	746,549	267,533
	<u>2,127,861</u>	<u>1,775,963</u>

### 12. ACCOUNTS RECEIVABLE

	2014 US\$	Restated 2013 US\$
Tuition fees receivable	79,681	57,161
Staff Loans	41,622	39,517
Other receivables	15,270	17,549
Advance Payment to Contractors	2,109,314	213,760
Prepayment	46,362	16,290
Students loan	249,784	291,550
	<u>2,542,033</u>	<u>635,827</u>

The maximum amount due from officers of the University during the year amounted to US\$42,000 (2013: US\$39,000).

### 13. CASH AND CASH EQUIVALENTS

	2014 US\$	Restated 2013 US\$
Bank balances	3,407,689	2,263,033
<b>Cash and cash equivalents in the statement of financial position</b>	<u>3,407,689</u>	<u>2,263,033</u>
91 Day Treasury Bills	237,019	254,542
<b>Cash and cash equivalents in the statement of cash flows</b>	<u>3,644,708</u>	<u>2,517,575</u>

## 14. SHORT TERM INVESTMENTS

	2014 US\$	Restated 2013 US\$
Treasury Bills	237,019	254,542
Fixed Deposit (a)	1,052,080	600,000
	<u>1,289,099</u>	<u>854,542</u>

a. Included in this amount is an investment in fixed deposit amounting to US\$333,330 (2013:US\$600,000) using funds from the MasterCard Foundation Fellowship Program.

## 15. ACCOUNTS PAYABLE

	2014 US\$	Restated 2013 US\$
Accrued Expenses	68,453	142,382
Other payables	512,916	399,250
	<u>581,369</u>	<u>541,632</u>

## 16. DEFERRED TUITION FEES

	2014 US\$	Restated 2013 US\$
Balance at 1 January	407,394	238,870
Amount deferred	411,380	407,394
Amount released	(407,394)	(238,870)
Balance at 31 December	<u>411,380</u>	<u>407,394</u>

## 17. MASTERCARD FOUNDATION FELLOWSHIP PROGRAM

	2014 US\$	Restated 2013 US\$
Balance at 1 January	874,115	695,974
Received during the year	2,177,955	1,273,940
Amount utilized during the year	(1,669,330)	(1,095,799)
Balance at 31 December	<u>1,382,740</u>	<u>874,115</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 a 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.

**18. GRANT**

	<b>2014</b>	<b>Restated</b>
	<b>US\$</b>	<b>2013</b>
		<b>US\$</b>
Balance at 1 January	6,795,483	5,018,289
Received during the year (a)	2,808,171	1,950,078
Amortised Grant	(217,984)	(172,884)
	<u>9,385,670</u>	<u>6,795,483</u>
Balance at 31 December	<u>9,385,670</u>	<u>6,795,483</u>

(a). Included in this amount is an exchange gain of US\$ 487,410.47 on grant received from Ashesi Foundation for the construction of the Engineering Faculty.

Grants available after one year	9,167,686	6,622,599
Grants available within one year	217,984	172,884
	<u>9,385,670</u>	<u>6,795,483</u>
Balance at 31 December	<u>9,385,670</u>	<u>6,795,483</u>

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

**18(b). GRANT RELEASED TO INCOME STATEMENT**

	<b>2014</b>	<b>Restated</b>
	<b>US\$</b>	<b>2013</b>
		<b>US\$</b>
Ashesi Foundation	217,984	172,884
MCF Program support	698,546	582,834
MCF Tuition Fees, Housing and Medical Insurance Support	970,784	512,965
	<u>1,887,314</u>	<u>1,268,683</u>

**19. NET FINANCE COST**

	<b>2014</b>	<b>Restated</b>
	<b>US\$</b>	<b>2013</b>
		<b>US\$</b>
Interest income on treasury bills and fixed deposits	83,395	21,216
Interest on IFC loan	(153,333)	(184,000)
	<u>(69,939)</u>	<u>(162,784)</u>

## 20. LOANS AND BORROWINGS

	2014 US\$	Restated 2013 US\$
IFC Loan (a)	1,458,333	1,875,000
Loan from Ashesi Foundation (b)	999,988	-
	<u>2,458,321</u>	<u>1,875,000</u>
<b>a. IFC Loan</b>		
Balance at 1 January	2,291,667	2,500,000
Payments	(416,667)	(208,333)
Transfer to current liabilities	(416,667)	(416,667)
	<u>1,458,333</u>	<u>1,875,000</u>

This relates to a loan amount of US\$2,500,000 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. The repayment of the loan is US\$416,667 per year beginning from September 2013 to March 2019.

The loan is secured over land and buildings with a carrying value of US\$ 8,281,570 (2013: US\$ 8,398,961).

### b. Loan from Ashesi Foundation

	2014 US\$	Restated 2013 US\$
Balance at 1 January	-	-
Loan drawdown	999,988	-
Payments	-	-
Transfer to current liabilities	-	-
	<u>999,988</u>	<u>-</u>

This relates to a loan amount of US\$999,988 obtained from the Ashesi Foundation during the year for the construction of a 96 bed student housing facility. It attracts an interest rate of 4.35% which is accrued on a day to day basis. The repayment of the loan is US\$76,923 per year beginning from April 2017 to April 2030.

## 21. 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).

## 22. PROPERTY, PLANT &amp; EQUIPMENT

2014		Computer Software & Accessories US\$	Leasehold Land and Buildings US\$	Furniture, Fitting & Equipment US\$	Textbooks & Library Books US\$	Equipment & Motor Vehicles US\$	Capital Work-In Progress US\$	Total US\$
<b>Cost</b>								
At 1 January, 2014		572,675	8,783,406	266,757	256,607	380,967	253,153	10,513,565
Additions		61,361	117,970	25,620	69,968	233,003	1,050,869	1,558,791
At 31 December, 2014		634,036	8,901,376	292,377	326,575	613,970	1,304,022	12,072,355
<b>Accumulated Depreciation</b>								
At 1 January, 2014		268,368	384,445	110,329	145,564	200,632	-	1,109,338
Charge for the year		167,386	235,361	56,221	96,481	113,577	-	669,026
At 31 December, 2014		435,754	619,806	166,550	242,045	314,209	-	1,778,364
<b>Carrying Value</b>								
At 31 December, 2014		198,282	8,281,570	125,827	84,530	299,761	1,304,022	10,293,992
At 31 December, 2013		304,307	8,398,961	156,428	111,043	180,335	253,153	9,404,227



## 22. PROPERTY, PLANT &amp; EQUIPMENT - (CONT'D)

2013 Restated	Computer Software & Accessories US\$	Leasehold Land and Buildings US\$	Furniture, Fitting & Equipment US\$	Textbooks & Library Books US\$	Equipment & Motor Vehicles US\$	Capital Work-In Progress US\$	Total US\$
<b>Cost</b>							
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	572,675	8,783,406	266,757	256,607	380,967	253,153	10,513,565
<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	268,368	384,445	110,329	145,564	200,632	-	1,109,338
<b>Carrying Value</b>							
At 31 December, 2013	304,307	8,398,961	156,428	111,043	180,335	253,153	9,404,227
At 31 December, 2012	144,707	8,293,440	176,650	124,974	167,403	87,089	8,994,263

## 22. PROPERTY, PLANT & EQUIPMENT – (CONT'D)

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

	2014 US\$	Restated 2013 US\$
Cost	-	8,968
Accumulated depreciation	-	(6,591)
	---	-----
Net book value	-	2,377
Sale proceeds	-	(650)
	---	-----
Loss on disposal	-	(1,727)
	==	=====

### 22(c). Security

At 31 December 2014, land and buildings with a carrying amount of US\$ 8,281,570 (2013: US\$ 8,398,961) were subject to a registered debenture that forms security for loan acquired from the International Finance Corporation (IFC) in 2010.

### 22(d). Property, plant and equipment under construction

During 2014, the university started the construction of a 96 bed student housing facility in addition to the construction of an Engineering Faculty which commenced in 2013. Costs incurred up to 31 December 2014 totalled US\$ 1,304,022 (2013: 253,153).

## 23. RELATED PARTY DISCLOSURES

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

All outstanding balances resulted from transactions with the parent company in the normal course of business are priced at an arm's length basis. None of the balances is secured.

### i) Transactions

The following transactions were carried out with related parties:

	2014 US\$	Restated 2013 GH¢
Funds from Ashesi Foundation	2,247,904	1,943,774
	=====	=====
Loan advanced by Ashesi Foundation	999,988	-
	=====	=====
<b>ii) Outstanding balances arising from related party transactions:</b>		
(a) Grant	9,385,670	6,795,483
	=====	=====
(b) Loan advanced by Ashesi Foundation	999,988	-
	=====	=====

**23. RELATED PARTY DISCLOSURES – (CONT'D)**

**(iii) Key management compensation**

	2014 US\$	Restated 2013 GH¢
Salaries and other short-term benefits	<u>216,985</u>	<u>296,764</u>

**(iv) Loans and advances to related parties**

Loan advances to senior management and staff	<u>41,622</u>	<u>39,517</u>
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**24. ACCUMULATED FUND**

This represents the residual of cumulative annual surplus that are available for members.

**25. CONTINGENCIES**

There were no contingent liabilities as at 31 December, 2014 (2013: US\$21,053).

**26. CAPITAL COMMITMENTS**

Capital commitments as at 31 December, 2014 amounted to US\$2,771,455 (2013: US\$3,280,712).

**27. EXCHANGE CONTROL**

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

## 28. EXPLANATION OF TRANSITION TO IFRS RECONCILIATION IN NET ASSETS

As stated in page 4, these are the university's first financial statements prepared in accordance with IFRS. The accounting policies set out in note 5 have been applied in preparing the financial statements for the year ended 31 December 2014, the comparative information presented in these financial statements for the year ended 31 December 2013 and in the preparation of an opening IFRS balance sheet at 1 January 2013 (the university's date of transition).

In preparing its opening IFRS statement of financial statement, the university has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (Ghana Accounting Standards). An explanation of how the transition from the previous GAAP to IFRS has affected the university's financial position, financial performance and cash flows is set out below with its accompanying notes.

### Reconciliation of statement of financial performance for the year ended 31 December 2013

	Note	Previous GAAP US\$	Effects of transition to IFRSs US\$	IFRSs US\$
<b>REVENUE</b>				
Tuition Fees	k	2,850,038	702,460	3,552,498
Other Income	c, d	967,727	(141,479)	826,248
Grant Released	c, j	-	1,268,683	1,268,683
<b>Total Revenue</b>		<b>3,817,765</b>	<b>1,829,664</b>	<b>5,647,429</b>
<b>EXPENSES</b>				
Scholarship Award	k	-	1,268,046	1,268,046
Administrative and General Expenses	e, f, g	1,207,956	568,007	1,775,963
Salaries and Benefits		1,497,735	-	1,497,735
Depreciation and Amortisation		562,906	-	562,906
Bad debt	f	406	(406)	-
Repairs and Maintenance	g	168,767	(168,767)	-
<b>Total Expense</b>		<b>3,437,770</b>	<b>1,666,880</b>	<b>5,104,650</b>
Finance Income	d	-	21,216	21,216
Finance Cost	e	-	184,000	184,000
<b>Net Finance Cost</b>		<b>-</b>	<b>162,784</b>	<b>162,784</b>
<b>Net Surplus for the period</b>		<b>379,995</b>	<b>-</b>	<b>379,995</b>

**28. EXPLANATION OF TRANSITION TO IFRS RECONCILIATION IN NET ASSETS -  
(CONT'D)**

Reconciliation of Net Assets at 31 December 2013 to the amounts reported under previous Ghana GAAP as follows:

	Note	Previous GAAP US\$	Effects of transition to IFRS US\$	IFRSs US\$
<b>ASSETS</b>				
Property, Plant and Equipment		9,404,227	-	9,404,227
<b>Non-Current Assets</b>		<u>9,404,227</u>	<u>-</u>	<u>9,404,227</u>
Short Term Investments		854,542	-	854,542
Accounts receivable		635,827	-	635,827
Cash and Cash Equivalents		2,263,033	-	2,263,033
<b>Current Assets</b>		<u>3,753,402</u>	<u>-</u>	<u>3,753,402</u>
<b>Total Assets</b>		<u>13,157,629</u>		<u>13,157,629</u>
<b>NET ASSETS AND LIABILITIES</b>				
Accumulated Fund		2,247,338	-	2,247,338
<b>Net Assets</b>		<u>2,247,338</u>	<u>-</u>	<u>2,247,338</u>
Loans and Borrowings		1,875,000	-	1,875,000
Grant	h	6,795,483	(172,884)	6,622,599
<b>Non-Current Liabilities</b>		<u>8,670,483</u>	<u>(172,884)</u>	<u>8,497,599</u>
Loans and Borrowings		416,667	-	416,667
Accounts Payable	i	949,026	(407,394)	541,632
Deferred Tuition Fees	i	-	407,394	407,394
Grant	h	-	172,884	172,884
MasterCard Foundation Fellowship Program		874,115	-	874,115
<b>Current Liabilities</b>		<u>2,239,808</u>	<u>172,884</u>	<u>2,412,692</u>
<b>Total Liabilities</b>		<u>10,910,291</u>	<u>-</u>	<u>10,910,291</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>13,157,629</u>	<u>-</u>	<u>13,157,629</u>

28. EXPLANATION OF TRANSITION TO IFRS RECONCILIATION IN NET ASSETS -  
(CONT'D)

Reconciliation of Net Asset reported at 1 January 2013 to the amounts reported under previous Ghana GAAP as follows:

	Note	Previous GAAP US\$	Effects of transition to IFRS US\$	IFRSs US\$
<b>ASSETS</b>				
Property, Plant and Equipment		8,994,263	-	8,994,263
<b>Non-Current Assets</b>		<u>8,994,263</u>	-	<u>8,994,263</u>
Accounts receivable		457,231	-	457,231
Cash and Cash Equivalents		1,279,343	-	1,279,343
<b>Current Assets</b>		<u>1,736,574</u>	-	<u>1,736,574</u>
<b>TOTAL ASSETS</b>		<u>10,730,837</u>	-	<u>10,730,837</u>
<b>LIABILITIES AND NET ASSETS</b>				
Accumulated Fund		1,867,343	-	1,867,343
<b>Net Assets</b>		<u>1,867,343</u>	-	<u>1,867,343</u>
<b>LIABILITIES</b>				
Loans and Borrowings		2,291,667	-	2,291,667
Grant	b	5,018,289	(172,884)	4,845,405
<b>Non-Current Liabilities</b>		<u>7,309,956</u>	<u>(172,884)</u>	<u>7,137,072</u>
Loans and Borrowings		208,333	-	208,333
Accounts Payable	a	649,230	(238,870)	410,360
Deferred Tuition Fees	a	-	238,870	238,870
Grant	b	-	172,884	172,884
MasterCard Foundation Fellowship Program		695,975	-	695,975
<b>Current Liabilities</b>		<u>1,553,538</u>	<u>172,884</u>	<u>1,726,422</u>
<b>Total Liabilities</b>		<u>8,863,494</u>	-	<u>8,863,494</u>
<b>Total Liabilities and Net Assets</b>		<u>10,730,837</u>	-	<u>10,730,837</u>

28. **EXPLANATION OF TRANSITION TO IFRS RECONCILIATION IN NET ASSETS - (CONT'D)**

- (a) **Reclassification of deferred tuition fees**  
Deferred tuition fees has been reclassified from accounts payable as a line item in accordance with IFRS.
- (b) **Grant**  
Recognition of grants to be released into the statement of financial performance within the next 12 months into current liabilities in accordance with IAS 20.
- (c) **Reclassification of release from grant**  
Release from grant has been reclassified as a line item from other income.
- (d) **Reclassification of interest income**  
Interest income has been reclassified as a line item under net finance cost from other income.
- (e) **Reclassification of interest expense**  
Interest expense has been reclassified as a line item under net finance cost from administrative and general expenses.
- (f) **Reclassification of bad debt**  
Bad debt was a line item under expenses. It is been reclassified into administrative and general expenses.
- (g) **Reclassification of repairs and maintenance**  
Repairs and maintenance was a line item under expenses. It is been reclassified into administrative and general expenses.
- (h) **Grant**  
Recognition of grants to be released into the statement of financial performance within the next 12 months into current liabilities in accordance with IAS 20.
- (i) **Reclassification of deferred tuition fees**  
Deferred tuition fees has been reclassified as a line item from accounts payable.
- (j) **MCF Program Support**  
Release of funds from MasterCard Foundation Fellowship Program to compensate for tuition fees, housing fees, medical insurance and expenses incurred on behalf of MCF fellows.
- (k) **Scholarship Award**  
This relates to tuition grant and housing grant as well as MCF tuition fees, housing fees and medical insurance.