ASHESI UNIVERSITY COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2016

ASHESI UNIVERSITY COLLEGE
(A University Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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ASHESI UNIVERSITY COLLEGE
(A University Limited by Guarantee)

CORPORATE INFORMATION

DIRECTORS	Patrick Awuah *(President)* Charles Cofie *(Chairman)* Kofi Kwakwa Patrick Nutor Pearl Esua-Mensah Henry K. Prempeh Tamar Di Franco Yawa Hansen-Quao Harriette Amissah-Arthur Kofi Awusabo-Asare *(Appionted: August 2016)*
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 Guaranty Trust Bank Ghana Limited Zenith Bank Ghana Limited

REPORT OF THE DIRECTORS
TO THE MEMBERS OF
ASHESI UNIVERSITY COLLEGE

The directors present their report and the financial statements of Ashesi University College (University) for the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of financial statements that give a true and fair view of Ashesi University College, comprising the statement of financial position at 31 December 2016, and the statement of financial performance, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179). In addition, the directors are responsible for the preparation of the directors' report.

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

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

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

FINANCIAL STATEMENTS

The results for the year are summarised as follows:

	2016 US$	2015 US$
Surplus income over expenditure for the year	1,416,933	233,105
which when added to balance brought forward on accumulated fund account of	3,129,771	2,896,666
leaves a surplus on the accumulated fund of	4,546,704	3,129,771

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

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Ashesi University College as identified in the first paragraph were approved by the Board of Directors on ....June 2.........., 2017 and are signed on their behalf by:

....
DIRECTOR

....
DIRECTOR

KPMG

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

To the Board of Directors

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ashesi University College (University), which comprise the statement of financial position at 31 December 2016, and the statements of financial performance, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 38.

In our opinion, these financial statements give a true and fair view of the financial position of Ashesi University College at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the University in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ghana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

KPMG

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG

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)

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

Other reporting responsibility

As requested by the Ashesi University Foundation, nothing came to our attention that caused us to believe that amounts received were not used for their intended purposes. The University utilized all grant amounts received in accordance with the restriction applicable.

The engagement partner on the audit resulting in this independent auditor's report is Nathaniel D. Harley (ICAG/P/1056)

....

For and on behalf of:
KPMG: (ICAG/F/2017/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA

2 June **2017**

ASHESI UNIVERSITY COLLEGE

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	Note	2016 US$	2015 US$
ASSETS			
Property, Plant and Equipment	25	16,959,676	14,463,800
Intangible Assets	26	209,558	71,786
Non-current asset		17,169,234	14,535,586
Short Term Investment	15	1,357,792	1,908,189
Accounts Receivable	16	964,244	367,127
Inventories	17	19,730	42,532
Cash and Cash Equivalents	18	5,018,338	2,513,329
Current assets		7,360,104	4,831,177
Total assets		24,529,338	19,366,763
EQUITY			
Accumulated Fund	28	4,546,704	3,129,771
Total Equity		4,546,704	3,129,771
LIABILITIES			
Loans and Borrowings	23	2,048,077	2,541,666
Grant	21	12,091,445	9,750,591
Non-current liabilities		14,139,522	12,292,257
Loans and Borrowings	23	493,590	416,667
Accounts Payable	19	602,167	509,714
Deferred Tuition Fees	20	619,432	472,697
Grant	21	420,124	305,992
Sponsored Scholarship and Research grant	22	3,707,799	2,239,665
Current liabilities		5,843,112	3,944,735
Total liabilities		19,982,634	16,236,992
Total equity and liabilities		24,529,338	19,366,763

DIRECTOR | **DIRECTOR**

The financial statements were approved by the Board of Directors on June 2, 2017

The notes on pages 12 to 38 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL PERORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 US$	2015 US$
REVENUE			
Tuition Fees	8	5,298,139	4,522,545
Grant Released	10	4,969,512	2,780,071
Total revenue		10,267,651	7,302,616
Other Income	9	1,190,752	1,002,582
Total income		11,458,403	8,305,198
EXPENSES			
Scholarship Award	11	3,757,948	2,906,355
Administrative and General Expenses	12	2,737,054	2,168,742
Salaries and Benefits	13	2,442,649	2,062,923
Depreciation and Amortisation	25	1,061,721	922,746
Total expenses		9,999,372	8,060,766
Net Finance Cost	14	42,098	11,327
Surplus for the period		1,416,933	233,105
Other Comprehensive income		-	-
Total Comprehensive Income		1,416,933	233,105

The notes on pages 12 to 38 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated Fund US$	Total US$
31 December 2016		
Balance at 1 January	3,129,771	2,896,666
Total comprehensive income		
Surplus for the year	1,416,933	233,105
Balance at 31 December	4,546,704	3,129,771
31 December 2015		
Balance at 1 January	2,896,666	2,247,338
Total comprehensive income		
Surplus for the year	233,105	649,328
Balance at 31 December	3,129,771	2,896,666

The notes on pages 12 to 38 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 US$	2015 US$
Cash flows from operating activities			
Surplus for the period		1,416,933	233,105
Adjustment for:			
Depreciation and amortisation	25	1,061,721	922,746
Grant Released		(4,969,513)	(2,780,071)
Profit on disposal of property plant and equipment	25(b)	(14,105)	(9,487)
Net finance cost	14	42,098	11,327
Unrealised exchange difference		(89,163)	(549,377)
		(2,552,029)	(2,171,757)
(Increase)/Decrease in accounts receivable		(597,117)	2,159,638
Decrease/(Increase) in inventories		22,802	(27,264)
Increase in accounts payable		92,454	151,840
Increase in deferred tuition fees		146,735	61,317
		(2,887,155)	173,774
Interest paid	14	(158,453)	(123,750)
Net cash (used in)/from operating activities		(3,045,608)	50,024
Cash flows from investing activities			
Purchase of property, plant and equipment	25	(3,559,069)	(5,093,539)
Purchase of intangible assets		(137,772)	(71,786)
Proceeds from disposals of property, plant and equipment	25(b)	15,577	10,472
Interest received	14	116,355	112,423
Purchase of fixed deposits investments		933,552	(581,472)
Net cash used in investing activities		(2,631,357)	(5,623,902)
Cash flow from financing activities			
Grants received from Ashesi Foundation and others		2,918,635	1,464,315
Grant received for sponsored scholarship and research		6,017,523	3,107,509
Proceeds from borrowings	23(b)	-	500,012
Repayment of borrowings		(416,667)	(416,667)
Net cash from financing activities		8,519,491	4,655,169
Net increase/(decrease) in cash and cash equivalents		2,842,526	(918,709)
Cash and cash equivalents at 1 January		2,787,966	3,644,708
Effect of movements in exchange rates on cash held		45,638	61,967
Cash and cash equivalents at 31 December	18	5,676,130	2,787,966

ASHESI UNIVERSITY COLLEGE

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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. The financial statements are the individual financial statements of Ashesi University College.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial statements of Ashesi University College have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act, 1963 (Act 179).

b. Basis of measurement

The financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value.

c. Functional and presentational currency

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

3. USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of the University's accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 5.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the University, unless otherwise stated

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 income statement. 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

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

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 income statement.

(ii) Subsequent expenditure

Subsequent expenditure on replacing a part of an item of poperty, 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 income statement 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 income statement. 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 for current and comparative periods are as follows:

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(iii) Depreciation – (Cont'd)

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

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 embedied 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 income statement. The estimated useful life is as follows:

Computer Software - 3 years

d. Financial instruments

The University classifies non-derivative financial instruments into the following categories: held-to-maturity financial assets and loans and receivables and 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 when the entity becomes a party to the contractual provisions of the instrument.

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 transfered, 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, cancelled, or expire.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

d. Financial instruments – (Cont'd)

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.

(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. Held to maturity financial assets include fixed deposit investments

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 and cash and cash equivalents.

(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 liabilties are measured at amoritised costs using the effective interest method.
Other liabilities comprises of loans and borrowings and accounts payable and are measured at fair value less any directly attributable cost using the effective rate method.

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 University on terms that the University 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 income statement and reflected in an allowance account against loans and receivables. When an event occuring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.
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.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

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

(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 income statement.

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 income statement, using the effective interest method.

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

g. Grants

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

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

Grants that are received for expenses incurred are recognised in income statement on a systematic basis in the periods in which the expenses are recognised.

h. Tuition Fees

Tuition fees are recognised in income statement 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.

NOTES TO THE FINANCIAL STATEMENTS

4. 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 income statement 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 University;
- the University and the party are subject to common control;

NOTES TO THE FINANCIAL STATEMENTS

4. 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 University or the University'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. Where necessary the comparative information has been changed to agree to the current year presentation.

5. DETERMINATION OF FAIR VALUES

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

5. DETERMINATION OF FAIR VALUES – (CONT'D)

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.

6. 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 counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the University's receivables from students and investments in debt securities.

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

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

The University establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

Exposure to credit risks

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

	2016 US$	2015 US$
Accounts receivable	124,189	248,509
Short Term Investments	1,357,792	1,908,189
Bank Balance	5,018,338	2,513,329
	6,500,319	4,670,027

Impairment Losses

The ageing of accounts receivable at the reporting date was:

	2016		2015	
	Gross US$	Impairment US$	Gross US$	Impairment US$
Current (Less than 90 days)	118,132	-	208,963	-
Due but not impaired (90-180 days)	6,048	-	39,545	-
Impaired (more than 180 days)	748,581	(748,581)	689,599	(689,599)
	872,761	(748,581)	938,107	(689,599)

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 counterparties whose receivables are considered impaired.

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.

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

The following are contractual maturities of financial liabilities:

31 December 2016

	Amount US$	6 months or less US$	6-12 months US$	More than 1 year US$
Non-derivative financial liabilities				
IFC Loan	1,041,666	208,333	208,333	625,000
Loan from Ashesi Foundation	1,500,000	76,923	-	1,423,077
Accounts payable	602,300	602,300	-	-
	3,143,966	887,556	208,333	2,048,077

31 December 2015

	Amount US$	6 months or less US$	6-12 months US$	More than 1 year US$
Non-derivative financial liabilities				
IFC Loan	1,458,333	208,333	208,334	1,041,666
Loan from Ashesi Foundation	1,500,000	-	-	1,500,000
Accounts payable	509,714	509,714	-	-
	3,468,047	718,047	208,333	2,541,666

(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

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:

	2016 GH¢	2015 GH¢
Cash and bank balances	2,046,069	1,686,993
Trade and other receivables	207,263	75,862
Trade and other payables	(1,383,294)	(566,968)
Short term investments (Treasury bills)	2,691,980	1,037,751
Net exposure	3,562,018	2,233,638

The following significant exchange rates applied during the year:

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

	Average rate		Reporting rate	
	2016	2015	2016	2015
GH¢ 1	3.97	3.81	4.24	3.84

(ii) Sensitivity Analysis on Currency Risks

The table below shows the effect of a strengthening or weakening of US$ against the GH¢ on the University's statement of 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.

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 net asset income statements by the amounts shown below:

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

2016			2015		
% Change	Income Statement/ Net asset Impact Strengthening	Income/ Net asset Impact Weakening	% Change	Income Net asset Impact Strengthening	Income/ Net asset Impact Weakening
±1%	59,704	(59,704)	±3%	75,618	(75,618)

(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	
	2016 US$	2015 US$
Fixed rate instruments		
Fixed Deposit (Note 15)	700,000	1,633,552
Loans and Borrowings (Note 23)	2,541,667	(2,958,333)
	3,241,667	(1,324,781)

NOTES TO THE FINANCIAL STATEMENTS

6. 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	
	2016	2015	2016	2015
	US$	US$	US$	US$
Financial assets				
Short Term Investments	1,357,792	1,908,189	1,357,792	1,908,189
Accounts Receivable	964,244	367,127	964,244	367,127
Cash and Cash Equivalents	5,018,338	2,513,329	5,018,338	2,513,329
	7,371,409	4,788,645	7,371,409	4,788,645
Financial liabilities				
Loans and Borrowings	2,541,667	2,958,333	2,541,667	2,958,333
Accounts Payable	660,628	509,714	660,628	509,714
	3,202,295	3,468,047	3,202,295	3,468,047

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

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

Non-market observable inputs mean 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$
2016					
Short Term Investments	15	-	1,357,792	-	1,357,792
Accounts receivable	16	-	-	971,319	971,319
Total financial assets		-	1,357,792	971,319	2,329,111
2015					
Short Term Investments	15	-	1,908,189	-	1,908,189
Accounts receivable	16	-	-	367,127	367,127
Total financial assets		-	1,908,189	367,127	2,275,315

Financial Liabilities		Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2016					
Loans and Borrowings	23	-	2,541,667	-	2,541,667
Accounts payable	19	-	-	660,628	660,628
Total financial liabilities		-	2,541,667	660,628	3,202,295
2015					
Loans and Borrowings	23	-	2,958,333	-	2,958,333
Accounts payable	19	-	-	509,714	509,714
Total financial liabilities		-	2,958,333	509,714	3,468,047

7. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

There are new or revised Accounting and Interpretations in issue that are not yet effective for the year ended 31 December 2016, and have not been applied in preparing Standards these financial statements. These include the following Standards and Interpretations that may have an impact on future financial statements

Standard/Interpretation		Effective date (Annuals periods beginning on or after)
IAS 7	Disclosure Initiative	1 January 2017
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019

- **Disclosure Initiative (Amendments to IAS 7)**

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

- **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 University, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The University is currently in the process of performing a more detailed assessment of the impact of this standard on the University and will provide more information in the year ended 31 December 2016 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

NOTES TO THE FINANCIAL STATEMENTS

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

- **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.*

This standard will have a significant impact on the University, which will include changes in the measurement bases of the University's financial assets to amortised cost, fair value through other comprehensive income or fair value through income statement. 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 University.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

- **IFRS 16 Leases**

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 *Leases*, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The University has begun assessing the potential impact on the financial statements resulting from the application of IFRS 16.

8. TUITION FEES

	2016 US$	2015 US$
Tuition fees	5,298,139	4,522,545

9. OTHER INCOME

	2016 US$	2015 US$
Student Housing and Admission fees	782,759	630,329
Graduation Fees	18,770	20,480
Bad debts recovered	15,559	24,297
Departmental income	359,559	317,989
Profit on disposal of fixed assets (Note 25) (b)	14,105	9,487
	1,190,752	1,002,582

NOTES TO THE FINANCIAL STATEMENTS

10. GRANT RELEASED TO INCOME STATEMENT

	2016 US$	2015 US$
Grant (Note 21)	431,005	305,992
Other Program Support (Note 22) (iii)	518,618	121,555
MCF Program support (Note 22) (i)	461,811	263,771
MCF Tuition Fees, Housing and Medical Insurance Support (Note 22) (i)	3,555,077	2,088,753
	4,969,512	2,780,071

11. SCHOLARSHIP AWARD

	2016 US$	2015 US$
Tuition Grant	743,344	703,752
Housing Grant	12,806	20,191
MCF Tuition Fees, Housing and Other Student Support	2,812,182	2,088,753
Tuition and housing grant – Others	189,616	93,659
	3,757,948	2,906,355

12. ADMINISTRATIVE AND GENERAL EXPENSES

	2016 US$	2015 US$
Repairs and Maintenance	114,491	124,910
Professional fees	106,106	156,132
MCF Program Expenses	461,812	263,771
Marketing, Promotions and Events	147,238	127,023
Auditors' Remuneration	33,180	28,000
Property Management Expenses	313,615	237,817
Impairment of account receivables	59,631	125,528
Research Expenses	27,912	34,397
Other Administrative Cost	1,356,119	898,690
Exchange loss	84,247	180,474
	2,704,351	2,168,742

NOTES TO THE FINANCIAL STATEMENTS

13. SALARIES AND BENEFITS

	2016 US$	2015 US$
Wages and salaries	1,686,810	1,557,997
Social security contributions	166,810	149,021
Contributions to defined contribution plans - provident fund	59,954	49,263
Other staff expenses and allowances	529,075	306,642
	2,442,649	2,062,923

The average number of staff and faculty employed by the University during the year was 289 (2015: 292).

14. NET FINANCE COST

	2016 US$	2015 US$
Interest income on treasury bills and fixed deposits	116,355	112,423
Interest paid on IFC loan	(158,453)	(123,750)
	(42,098)	(11,327)

15. SHORT TERM INVESTMENTS

	2015 US$	2014 US$
Treasury Bills	657,792	274,637
Fixed Deposit	700,000	1,633,552
	1,357,792	1,908,189

Included in this amount is an investment in fixed deposit amounting to US$ 700,000 (2015: US$ 1,000,000) using funds from the MasterCard Foundation Fellowship Program.

16. ACCOUNTS RECEIVABLE

	2016 US$	2015 US$
Tuition fees receivable	64,471	69,127
Staff Loans	48,883	21,042
Other receivables	2,782	59,477
Advance Payment to Contractors	787,002	84,667
Prepayment	53,062	33,951
Students loan	15,120	98,863
	971,319	367,127

The maximum amount due from officers of the University during the year amounted to US$48,883 (2015: US$21,042).

NOTES TO THE FINANCIAL STATEMENTS

17. INVENTORIES

	2016 US$	2015 US$
TI-84 Plus Graphing Calculators	13,213	31,466
Other consumables	6,517	11,066
	19,730	42,532

18. CASH AND CASH EQUIVALENTS

	2016 US$	2015 US$
Bank balances	5,018,338	2,513,329
Cash and cash equivalents in the statement of financial position	5,018,338	2,513,329
91 Day Treasury Bills	657,792	274,637
Cash and cash equivalents in the statement of cash flows	5,676,130	2,787,966

19. ACCOUNTS PAYABLE

	2016 US$	2015 US$
Accrued Expenses	50,288	47,182
Other payables	552,012	462,532
	602,300	509,714

20. DEFERRED TUITION FEES

	2016 US$	2015 US$
Balance at 1 January	472,697	411,380
Amount deferred	619,432	472,697
Amount released	(472,697)	(411,380)
Balance at 31 December	619,432	472,697

NOTES TO THE FINANCIAL STATEMENTS

21. GRANTS

	2016 US$	2015 US$
Ashesi University Foundation (i)	11,528,464	9,587,643
ELMA Growth Foundation (ii)	857,296	339,167
Others (iii)	125,810	129,773
	12,511,569	10,056,583

Breakdown of grant	2016 US$	2015 US$
Grants available after one year	12,091,445	9,750,591
Grants available within one year	420,124	305,992
Balance at 31 December	12,511,569	10,056,583

(i) Ashesi University Foundation

	2016 US$	2015 US$
Balance at 1 January	9,587,643	9,276,268
Received during the year	2,316,910	1,071,739
Impact of exchange difference	(32,643)	(487,410)
Amount amortized during the year	(343,446)	(272,954)
Balance at 31 December	11,528,464	9,587,643

Ashesi University Foundation is a US 501c3 that shares Ashesi University College's mission of educating a new generation of ethical, entrepreneurial leaders in Africa. Ashesi University Foundation provides capital grants, scholarship grants, and other program grants to Ashesi University College. During the year ended December 31, 2016, $2,838,180 in funds were provided by Ashesi University Foundation to Ashesi University College, including $ 2,316,910 in capital grants, $ 128,896 in scholarships, and $ 392,374 for engineering program, loan interest payment and other operation support.

(ii) ELMA Growth Foundation

	2016 US$	2015 US$
Balance at 1 January	339,167	-
Received during the year	600,000	370,000
Impact of exchange difference	(7,871)	-
Amount amortized during the year	(74,000)	(30,833)
Balance at 31 December	857,296	339,167

NOTES TO THE FINANCIAL STATEMENTS

21. GRANTS - (CONT'D)

(ii) ELMA Growth Foundation - (Cont'd)

ELMA growth foundation is a Not-For-Profit organization in the United States of America. During the year ended December 31, 2016, $600,000 (2015: $370,000) was received towards the construction of students' hostel as a result of the increase in student population. As at the year end, construction was not completed and has been included in capital work-in-progress.

(iii) Others

	2016 US$	2015 US$
Balance at 1 January	129,773	109,402
Received during the year	1,725	22,576
Impact of exchange difference	(3,011)	-
Amount amortized during the year	(2,204)	(2,205)
Balance at 31 December	129,294	129,773

These are grants received from staff of Ashesi University and other individual donors towards the cost of constructing the engineering faculty. Total amount received during the year was $1,725 (2015: 22,576) amortised over the useful life of the asset, which is estimated at 50 years.

22. SPONSORED SCHOLARSHIP AND RESEARCH GRANT

	2016 US$	2015 US$
MasterCard Foundation Fellowship Program (i)	3,498,404	1,937,200
Scholarship Endowment Fund (ii)	23,555	23,555
Other Donors (iii)	185,840	278,910
	3,707,799	2,239,665

(i) MasterCard Foundation Fellowship Program

	2016 US$	2015 US$
Balance at 1 January	1,937,200	1,382,740
Received during the year	5,578,542	2,906,984
Amount utilized during the year	(4,017,338)	(2,352,524)
Balance at 31 December	3,498,404	1,937,200

Breakdown of MasterCard Foundation scholarship -

MCF Program Support	461,812	789,512
MCF Tuition Fees, Housing and Other Student Support	3,555,526	1,563,012
	4,017,338	2,352,524

NOTES TO THE FINANCIAL STATEMENTS

22. SPONSORED SCHOLARSHIP AND RESEARCH GRANT – (CONT'D)

(i) MasterCard Foundation Fellowship Program – (Cont'd)

The University entered into a US$25.5 million partnership with MasterCard Foundation (MCF) of Canada in May 2016 to extend scholarships to Ashesi-MCF Fellowship students over an 8 year period. This agreement was running concurrently with the prior year agreement of US$ 13 million which was signed in November 2011. The US$ 13m grant will be fully utilized as 2021. The last batch of the first agreement was enrolled in the 2015/2016 academic year. Total amount utilized during the year for both grants include US$ 461,812 (2015: US$ 263,770) to students recruitment program support, salaries, professional fees and other program support on behalf of Ashesi MCF fellows and US$ 2,812,182 (2015: US$ 2,088,755) to tuition fees, housing fees and other student support. An amount of US$ 1 million was also received from the Foundation to augment the University's tuition discounts or scholarships given to students. Out of this amount US$ 743,344 was given to students as scholarship in the year.

(ii) Scholarship Endowment Fund

	2016 US$	2015 US$
Balance at 1 January	23,555	23,555
Balance at 31 December	23,555	23,555

This represents seed fund received by the institution purposely to sponsor indigenes of the Berekuso township if they apply to the institution in future.

(iii) Other Donors

	2016 US$	2015 US$
Balance at 1 January	278,910	199,940
Received during the year	438,981	200,525
Amount utilized during the year	(532,051)	(121,555)
Balance at 31 December	185,840	278,910

These are funds received from Ashesi University foundation, Ford foundation, other institutions and individuals to fund research and other students' projects. Amount utilized during the year include US$ 472,615 (2015: US$ 93,659) in students tuition and housing grant and US$ 59,436 (2015: US$ 27,896) in research support.

23. LOANS AND BORROWINGS

	2016 US$	2015 US$
IFC Loan (a)	1,041,667	1,458,333
Loan from Ashesi Foundation (b)	1,500,000	1,500,000
	2,541,667	2,958,333

NOTES TO THE FINANCIAL STATEMENTS

23. LOANS AND BORROWINGS – (CONT'D)

31 December 2016

	Amount US$	Payable within 1 year US$	Payable after 1 year US$
Loans			
IFC Loan	1,041,667	416,667	625,000
Loan from Ashesi Foundation	1,500,000	76,923	1,423,077
	2,541,667	493,590	2,048,077

31 December 2015

	Amount US$	Payable within 1 year US$	Payable after 1 year US$
Loans			
IFC Loan	1,458,333	416,667	1,041,666
Loan from Ashesi Foundation	1,500,000	-	1,500,000
	2,958,333	416,667	2,541,666

22(a). IFC Loan

	2016 US$	2015 US$
Balance at 1 January	1,458,333	1,875,000
Payments	(416,667)	(416,667)
Balance at 31 December	1,041,667	1,458,333

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 the agreement was signed and a commitment fee of 1% 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$416,667 per year beginning from September 2013 to March 2019. The loan is secured over land and buildings with a carrying value of US$ 14,279,128 (2015: US$ 13,468,978).

23(b). Loan from Ashesi Foundation

	2016 US$	2015 US$
Balance at 1 January	1,500,000	999,988
Additions	-	500,012
Balance at 31 December	1,500,000	1,500,000

NOTES TO THE FINANCIAL STATEMENTS

23. LOANS AND BORROWINGS – (CONT'D)

23(b). Loan from Ashesi Foundation (cont'd)

This relates to a loan amount of US$999,988 obtained from the Ashesi Foundation in 2014 and 500,012 during the year for the construction of a 96 bed student housing facility. The loan attracts an interest rate of 4.35% which is accrued on a day to day basis. The repayment of the loan is US$76,923 per annum beginning from April 2017 to April 2030 for the initial loan and a repayment of US$38,461.54 per annum beginning April 2018 to April 2031 for the latter.

24. TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS

25. PROPERTY, PLANT & EQUIPMENT

2016

	Leasehold Land and Buildings US$	Computer Software & Accessories US$	Furniture, Fitting & Equipment US$	Textbooks & Library Books US$	Motor Vehicles US$	Capital Work-In Progress US$	Total US$
Cost							
At 1 January, 2016	14,113,713	941,052	1,292,832	446,225	331,206	17,867	17,142,895
Additions	165,414	93,721	293,109	144,782	-	2,862,043	3,559,069
Disposal	-	(42,818)	-	-	(33,324)	-	(76,142)
At 31 December, 2016	14,279,127	991,955	1,585,941	591,007	297,882	2,879,910	20,625,822
Accumulated Depreciation							
At 1 January, 2016	915,045	699,818	610,186	367,291	86,755	-	2,679,095
Charge for the year	399,725	204,538	229,149	165,533	62,775	-	1,061,721
Disposal	-	(42,818)	-	-	(31,852)	-	(74,670)
At 31 December, 2016	1,314,770	861,538	839,335	532,824	117,679	-	3,666,146
Carrying Value							
At 31 December, 2016	12,964,357	130,417	746,606	58,183	180,203	2,879,910	16,959,676
At 31 December, 2015	13,198,668	241,234	775,071	78,934	152,026	17,867	14,463,800

NOTES TO THE FINANCIAL STATEMENTS

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

2015

	Leasehold Land and Buildings US$	Computer Software & Accessories US$	Furniture, Fitting & Equipment US$	Textbooks & Library Books US$	Motor Vehicles US$	Capital Work-In Progress US$	Total US$
Cost							
At 1 January, 2015	8,901,376	634,036	719,780	326,575	186,567	1,304,022	12,072,356
Additions	152,896	307,016	596,052	119,650	144,639	3,773,286	5,093,539
Transfer	5,059,441	-				(5,059,441)	-
Disposal	-	-	(23,000)	-	-	-	(23,000)
At 31 December, 2015	14,113,713	941,052	1,292,832	446,225	331,206	17,867	17,142,895
Accumulated Depreciation							
At 1 January, 2015	619,806	435,754	442,989	242,045	37,770	-	1,778,364
Charge for the year	295,239	264,064	74,772	125,246	163,425	-	922,746
Disposal	-	-	-	-	(22,015)	-	(22,015)
At 31 December, 2015	915,045	699,818	517,761	367,291	179,180	-	2,679,095
Carrying Value							
At 31 December, 2015	13,198,668	241,234	775,071	78,934	152,026	17,867	14,463,800
At 31 December, 2014	8,281,570	198,282	276,791	84,530	148,797	1,304,022	10,293,992

NOTES TO THE FINANCIAL STATEMENTS

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

25(b). Profit on disposal of property, plant and equipment

	2016 US$	2015 US$
Cost	76,142	23,000
Accumulated depreciation	(74,670)	(22,015)
Net book value	1,472	985
Sale proceeds	(15,577)	(10,472)
Profit on disposal	(14,105)	(9,487)

25(c). Security

At 31 December 2016, land and buildings with a carrying amount of US$ 12,964,357 (2015: US$ 13,198,668) was subject to a registered debenture that serves as security for a loan acquired from the International Finance Corporation (IFC) in 2010.

26. INTANGIBLE ASSETS

During 2015, the University initiated the purchase of a software and license to track student's history from admission to the time they graduate from the school. The software was still at the implementation stage and was not available for use as at the year end. A total cost of US$ 209,558 was recognised in Work in Progress and no impairments have been recognised.

27. RELATED PARTY DISCLOSURES

The University is 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 University in the normal course of business were priced at an arm's length basis. None of the balances is secured.

i) Transactions

The following transactions were carried out with related parties:

	2016 US$	2015 GH¢
Funds from Ashesi Foundation	2,316,910	1,281,618
Loan advanced by Ashesi Foundation	-	500,012

ii) Outstanding balances arising from related party transactions:

		2016	2015
(a)	Grant	12,511,569	10,056,562
(b)	Loan advanced by Ashesi Foundation	1,500,000	1,500,000

27. RELATED PARTY DISCLOSURES – (CONT'D)

(iii) Key management compensation

	2016 US$	2015 US$
Salaries and other short-term benefits	260,936	247,603

(iv) Loans and advances to related parties

Loan advances to senior management and staff	48,883	21,042

28. ACCUMULATED FUND

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

29. CONTINGENCIES

There was a legal case pending against the University at the year end. Should judgment be passed against the University, the potential liabilities has been estimated at NIL (2015: US$ 30,000).

30. CAPITAL COMMITMENTS

Capital commitments as at 31 December, 2016 amounted to US$ 1,748,545 (2015: US$ 1,494,621).

31. EXCHANGE CONTROL

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