

ASHESI UNIVERSITY COLLEGE

*ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2017*

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

CORPORATE INFORMATION

DIRECTORS

Patrick Awuah *(President)*
 Charles Cofie *(Chairman) (Term Ended: 31 December 2017)*
 Kofi Kwakwa
 Patrick Nutor
 Pearl Esua-Mensah *(Chairperson) (Appointed: 31 December 2017)*
 Henry K. Prempeh
 Tamar Di Franco
 Yawa Hansen-Quao
 Harriette Amissah-Arthur
 Kofi Awusabo-Asare *(Resigned: 31 December 2017)*

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 2017.

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 2017, 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 University will not be a going concern in the year ahead.

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

FINANCIAL STATEMENTS

The results for the year are summarised as follows:

	2017	2016
	US\$	US\$
Surplus income over expenditure for the year	1,228,413	1,416,933
which when added to balance brought forward on accumulated fund account of	4,546,704	3,129,771
	<u>5,775,117</u>	<u>4,546,704</u>
leaves a surplus on the accumulated fund of		

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 on21 June....., 2018 and are signed on their behalf by:


.....
DIRECTOR


.....
DIRECTOR



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

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 2017, 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 12 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 2017, 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.

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.



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.



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.

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

KPMG
.....

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

21 June
..... **2018**

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	2017 US\$	2016 US\$
ASSETS			
Property, Plant and Equipment	25	29,686,108	16,959,676
Intangible Assets	26	163,628	209,558
		-----	-----
Non-current asset		29,849,736	17,169,234
		-----	-----
Short Term Investment	15	817,913	1,357,792
Accounts Receivable	16	2,653,211	964,244
Inventories	17	39,107	19,730
Cash and Cash Equivalents	18	6,724,351	5,018,338
		-----	-----
Current assets		10,234,582	7,360,104
		-----	-----
Total assets		40,084,318	24,529,338
		=====	=====
EQUITY			
Accumulated Fund	28	5,775,117	4,546,704
Revaluation Reserve	25	9,255,994	-
		-----	-----
Total Equity		15,031,111	4,546,704
		-----	-----
LIABILITIES			
Loans and Borrowings	23	1,554,487	2,048,077
Grant	21	15,951,082	12,091,445
		-----	-----
Non-current liabilities		17,505,569	14,139,522
		-----	-----
Loans and Borrowings	23	493,590	493,590
Accounts Payable	19	915,736	602,167
Deferred Tuition Fees	20	711,983	619,432
Grant	21	473,463	420,124
Sponsored Scholarship and Research grant	22	4,952,865	3,707,799
		-----	-----
Current liabilities		7,547,637	5,843,112
		-----	-----
Total liabilities		25,053,207	19,982,634
		-----	-----
Total equity and liabilities		40,084,318	24,529,338
		=====	=====



.....
DIRECTOR


.....
DIRECTOR

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 PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US\$	2016 US\$
REVENUE			
Tuition Fees	8	6,145,652	5,298,139
Grant Released	10	6,002,530	4,969,512
Total revenue		<u>12,148,182</u>	<u>10,267,651</u>
Other Income	9	1,492,879	1,190,752
Total income		<u>13,641,061</u>	<u>11,458,403</u>
EXPENSES			
Scholarship Award	11	4,483,203	3,757,948
Administrative and General Expenses	12	3,452,720	2,737,054
Salaries and Benefits	13	2,928,817	2,442,649
Depreciation and Amortisation	25	1,284,785	1,061,721
Impairment	26	226,586	-
Total expenses		<u>12,376,111</u>	<u>9,999,372</u>
Net Finance Cost	14	36,537	42,098
Surplus for the year		1,228,413	1,416,933
Other Comprehensive income		-	-
Total Comprehensive Income		<u>1,228,413</u>	<u>1,416,933</u>

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 2017

	Revaluation Reserve US\$	Accumulated Fund US\$	Total US\$
31 December 2017			
Balance at 1 January	-	4,546,704	4,546,704
Total comprehensive income			
Surplus for the year	-	1,228,413	1,228,413
Surplus on revaluation	9,255,994	-	255,994
Balance at 31 December	<u>9,255,994</u>	<u>5,775,117</u>	<u>15,031,111</u>
31 December 2016			
Balance at 1 January	-	3,129,771	3,129,771
Total comprehensive income			
Surplus for the year	-	1,416,933	1,416,933
Balance at 31 December	<u>-</u>	<u>4,546,704</u>	<u>4,546,704</u>

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 2017

	Note	2017 US\$	2016 US\$
Cash flows from operating activities			
Surplus for the year		1,228,413	1,416,933
<i>Adjustment for:</i>			
Depreciation	25(a)	1,284,785	1,061,721
Amortisation	26	226,586	-
Grant Released	10	(6,002,530)	(4,966,962)
Profit on disposal of property plant and equipment	25(b)	(989)	(14,105)
Net finance cost	14	36,537	42,098
Unrealised exchange difference		58,065	(89,163)
		-----	-----
		(3,169,133)	(2,552,029)
<i>Changes in:</i>			
Accounts receivable		(1,688,967)	(597,117)
Inventories		(19,377)	22,802
Accounts payable		313,570	92,454
Deferred tuition fees		92,551	146,735
Cash generated from operating activities		-----	-----
		(4,471,356)	(2,887,155)
Interest paid	14	(125,162)	(158,453)
		-----	-----
Net cash used in operating activities		(4,596,518)	(3,045,608)
Cash flows from investing activities			
Purchase of property, plant and equipment	25	(4,775,287)	(3,559,069)
Purchase of intangible assets		(180,399)	(137,772)
Proceeds from disposals of property, plant and equipment	25(b)	21,055	15,577
Interest received	14	88,625	116,355
Purchase of fixed deposits investments		700,000	933,552
		-----	-----
Net cash used in investing activities		(4,146,006)	(2,631,357)
Cash flow from financing activities			
Grants received from Ashesi Foundation and others	21	4,943,433	2,918,635
Grant received for sponsored scholarship and research	22	6,217,136	6,017,523
Repayment of borrowings		(493,590)	(416,667)
		-----	-----
Net cash from financing activities		10,666,979	8,519,491
Net increase in cash and cash equivalents			
		1,924,455	2,842,526
Cash and cash equivalents at 1 January		5,676,130	2,787,966
Effect of movements in exchange rates on cash held		(58,321)	45,638
		-----	-----
Cash and cash equivalents at 31 December	18	7,542,264	5,676,130
		-----	-----

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

ASHESI UNIVERSITY COLLEGE

(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****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 property, plant and equipment, 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

3. USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

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.

4. SIGNIFICANT ACCOUNTING POLICIES

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 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

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iii) Depreciation (Cont'd)

The estimated useful lives of property, plant and equipment for current and comparative periods 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
Plant and Machinery	-	10-20 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 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 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 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d. Financial instruments (Cont'd)

The University derecognises a financial liability when its contractual obligations are discharged, 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.

(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 and treasury bills.

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 liabilities are measured at amortised 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 occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. Impairment (Cont'd)

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.

(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 asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset 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 profit or loss using the effective interest method.

g. Grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 fair value.

j. Employment Benefits

(i) *Defined Contribution Plans*

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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:
 - 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.

NOTES TO THE FINANCIAL STATEMENTS

5. DETERMINATION OF FAIR VALUES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

c. Credit Risk (Cont'd)

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:

	2017 US\$	2016 US\$
Accounts receivable**	243,946	124,189
Short Term Investments	817,913	1,357,792
Bank Balance	6,724,351	5,018,338
	<u>7,786,210</u>	<u>6,500,319</u>

** This excludes all prepayments.

Impairment Losses

The ageing of accounts receivable at the reporting date was:

	2017		2016	
	Gross US\$	Impairment US\$	Gross US\$	Impairment US\$
Current (Less than 90 days)	243,946	-	118,132	-
Due but not impaired (90-180 days)	-	-	6,048	-
Impaired (more than 180 days)	-	-	748,581	(748,581)
	<u>243,946</u>	<u>(-)</u>	<u>872,761</u>	<u>(748,581)</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 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.

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

d. Liquidity Risk (Cont'd)

The following are contractual maturities of financial liabilities:

31 December 2017	Amount US\$	6 months or less US\$	6-12 months US\$	More than 1 year US\$
Non-derivative financial liabilities				
IFC Loan	625,000	208,333	208,333	208,333
Loan from Ashesi Foundation	1,423,077	76,923	-	1,346,154
Accounts payable	915,737	915,737	-	-
	<u>2,963,814</u>	<u>1,200,994</u>	<u>208,333</u>	<u>1,554,487</u>
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	660,628	660,628	-	-
	<u>3,202,294</u>	<u>945,884</u>	<u>208,333</u>	<u>2,048,077</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

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:

	2017 GH¢	2016 GH¢
Cash and bank balances	5,329,040	2,046,069
Trade and other receivables	197,201	207,263
Trade and other payables	(2,675,143)	(1,383,294)
Short term investments (Treasury bills)	4,165,199	2,691,980
	<u>7,016,297</u>	<u>3,625,018</u>
Net exposure		

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

e. Market Risk (Cont'd)

The following significant exchange rates applied during the year:

	Average rate		Reporting rate	
	2017	2016	2017	2016
GH¢ 1	<u>3.97</u>	<u>3.81</u>	<u>4.55</u>	<u>4.41</u>

(ii) Sensitivity Analysis on Currency Risks

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

	2017				2016	
	% Change	Income Statement/ Net asset	Income/ Net asset	% Change	Income Net asset	Income/ Net asset
		Impact	Impact		Impact	Impact
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
	±1%	<u>330,843</u>	<u>(330,843)</u>	±1%	<u>59,704</u>	<u>(59,704)</u>

(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	
	2017 US\$	2016 US\$
Fixed rate instruments		
Fixed Deposit (Note 15)	-	700,000
Loans and Borrowings (Note 23)	<u>(2,048,077)</u>	<u>(2,541,667)</u>
	<u>(2,048,077)</u>	<u>(1,841,667)</u>

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	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Financial assets				
Short Term Investments	817,913	1,357,792	817,913	1,357,792
Accounts Receivable	2,653,210	964,244	2,653,210	964,244
Cash and Cash Equivalents	6,724,351	5,018,338	6,724,351	5,018,338
	<u>10,195,474</u>	<u>6,500,319</u>	<u>10,195,474</u>	<u>6,500,319</u>
Financial liabilities				
Loans and Borrowings	2,048,077	2,541,667	2,048,077	2,541,667
Accounts Payable	915,738	660,628	915,738	660,628
	<u>2,963,815</u>	<u>3,202,295</u>	<u>2,963,815</u>	<u>3,202,295</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

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

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.

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\$
2017					
Short Term Investments	15	-	817,913	-	817,913
Accounts receivable	16	-	-	2,653,210	2,653,211
		---	-----	-----	-----
Total financial assets		-	817,913	2,653,210	3,471,124
		==	=====	=====	=====
2016					
Short Term Investments	15	-	1,357,792	-	1,357,792
Accounts receivable	16	-	-	964,244	964,244
		---	-----	-----	-----
Total financial assets		-	1,357,792	964,244	2,329,111
		==	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

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

Financial Liabilities		Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
2017					
Loans and Borrowings	23	-	2,048,077	-	2,048,077
Accounts payable	19	-	-	915,737	915,737
		---	-----	-----	-----
Total financial liabilities		-	2,048,077	915,737	2,963,814
		==	=====	=====	=====
2016					
Loans and Borrowings	23	-	2,541,667	-	2,541,667
Accounts payable	19	-	-	602,167	660,628
		---	-----	-----	-----
Total financial liabilities		-	2,541,667	602,167	3,202,295
		==	=====	=====	=====

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 2017, 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)
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 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.

NOTES TO THE FINANCIAL STATEMENTS

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

- **IFRS 15 Revenue from contracts with customers (Cont'd)**

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 2017 financial statements.

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

- **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 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 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

	2017	2016
	US\$	US\$
Tuition fees	6,145,652	5,298,139

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER INCOME

	2017 US\$	2016 US\$
Student Housing and Admission fees	810,805	782,759
Graduation Fees	26,743	18,770
Bad debts recovered	62,675	15,559
Departmental income	591,667	359,559
Profit on disposal of assets [Note 25 (b)]	989	14,105
	<u>1,492,879</u>	<u>1,190,752</u>

10. GRANT RELEASED TO INCOME STATEMENT

	2017 US\$	2016 US\$
Grant (Note 21)	473,462	420,124
Other Program Support (Note 22) (iii)	1,059,193	532,050
MCF Program support (Note 22) (i)	378,420	461,812
MCF Tuition Fees, Housing and Medical Insurance Support (Note 22) (i)	4,091,455	3,555,526
	<u>6,002,530</u>	<u>4,966,512</u>

11. SCHOLARSHIP AWARD

	2017 US\$	2016 US\$
Tuition Grant	868,328	743,344
Housing Grant	15,057	12,806
MCF Tuition Fees, Housing and Other Student Support	3,223,127	2,812,182
Tuition and housing grant – Others	376,691	189,616
	<u>4,483,203</u>	<u>3,757,948</u>

NOTES TO THE FINANCIAL STATEMENTS

12. ADMINISTRATIVE AND GENERAL EXPENSES

	2017 US\$	2016 US\$
Repairs and Maintenance	207,793	114,491
Professional fees	293,049	106,106
MCF Program Expenses	378,420	461,812
Marketing, Promotions and Events	269,705	147,238
Auditors' Remuneration	47,575	33,180
Property Management Expenses	427,011	313,615
Impairment of account receivables	-	59,631
Research Expenses	246,970	27,912
Other Administrative Cost	1,522,932	1,356,119
Exchange loss	59,265	84,247
	<u>3,452,720</u>	<u>2,704,351</u>

13. SALARIES AND BENEFITS

	2017 US\$	2016 US\$
Wages and salaries	1,927,711	1,686,810
Social security contributions	181,088	166,810
Contributions to defined contribution plans - provident fund	70,469	59,954
Other staff expenses and allowances	749,549	529,075
	<u>2,928,817</u>	<u>2,442,649</u>

The average number of staff and faculty employed by the University during the year was 299 (2016: 292).

14. NET FINANCE COST

	2017 US\$	2016 US\$
Interest income on treasury bills and fixed deposits	88,625	116,355
Interest paid on IFC and Ashesi loan	(125,162)	(158,453)
	<u>(36,537)</u>	<u>(42,098)</u>

15. SHORT TERM INVESTMENTS

	2017 US\$	2016 US\$
Treasury Bills	817,913	657,792
Fixed Deposit	-	700,000
	<u>817,913</u>	<u>1,357,792</u>

NOTES TO THE FINANCIAL STATEMENTS

16. ACCOUNTS RECEIVABLE

	2017 US\$	2016 US\$
Tuition fees receivable	200,605	57,395
Staff Loans	43,341	48,883
Other receivables	-	2,782
Advance Payment to Contractors	2,366,381	787,002
Prepayment	42,884	53,062
Students loan	-	15,120
	<u>2,653,211</u>	<u>964,244</u>

The maximum amount due from officers of the University during the year amounted to US\$43,341 (2016: US\$48,883).

17. INVENTORIES

	2017 US\$	2016 US\$
TI-84 Plus Graphing Calculators	24,501	13,213
Other consumables	14,606	6,517
	<u>39,107</u>	<u>19,730</u>

18. CASH AND CASH EQUIVALENTS

	2017 US\$	2016 US\$
Bank balances	6,724,351	5,018,338
Cash and cash equivalents in the statement of financial position	<u>6,724,351</u>	<u>5,018,338</u>
91 Day Treasury Bills (Note 15)	817,913	657,792
Cash and cash equivalents in the statement of cash flows	<u>7,542,264</u>	<u>5,676,130</u>

19. ACCOUNTS PAYABLE

	2017 US\$	2016 US\$
Accrued Expenses	49,620	50,288
Other payables	866,116	551,979
	<u>915,736</u>	<u>602,167</u>

NOTES TO THE FINANCIAL STATEMENTS

20. DEFERRED TUITION FEES

	2017 US\$	2016 US\$
Balance at 1 January	619,432	472,697
Amount deferred	711,983	619,432
Amount released	(619,432)	(472,697)
Balance at 31 December	<u>711,983</u>	<u>619,432</u>

21. GRANTS

	2017 US\$	2016 US\$
Ashesi University Foundation (i)	15,056,782	11,528,464
ELMA Growth Foundation (ii)	1,183,296	857,296
Others (iii)	184,467	125,809
	<u>16,424,545</u>	<u>12,511,569</u>

2017 Breakdown of grant	2017 US\$	2016 US\$
Grants available after one year	15,951,082	12,091,445
Grants available within one year	473,463	420,124
Balance at 31 December	<u>16,424,545</u>	<u>12,511,569</u>

(i) Ashesi University Foundation

	2017 US\$	2016 US\$
Balance at 1 January	11,528,465	9,587,643
Received during the year	3,925,103	2,316,910
Impact of exchange difference	-	(32,643)
Amount amortized during the year	(396,786)	(343,446)
Balance at 31 December	<u>15,056,782</u>	<u>11,528,464</u>

Ashesi University Foundation is a US 501c3 that shares Ashesi University College's mission of educating a new generation of ethical, entrepreneurial leaders in Africa. Ashesi University Foundation provides capital grants, scholarship grants, and other program grants to Ashesi University College.

During the year ended December 31, 2017, \$4,480,030 in funds were provided by Ashesi University Foundation to Ashesi University College, including \$ 3,925,103 in capital grants, \$ 221,887 in scholarships, and \$313,000 in other program support grants. The University utilized all grant amounts received in accordance with the restriction applicable.

NOTES TO THE FINANCIAL STATEMENTS

21. GRANTS (CONT'D)

(ii) ELMA Growth Foundation

	2017 US\$	2016 US\$
Balance at 1 January	857,296	339,167
Received during the year	400,000	600,000
Impact of exchange difference	-	(7,871)
Amount amortized during the year	(74,000)	(74,000)
Balance at 31 December	<u>1,183,296</u>	<u>857,296</u>

ELMA growth foundation is a Not-For-Profit organization in the United States of America. During the year ended December 31, 2017, \$400,000 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

	2017 US\$	2016 US\$
Balance at 1 January	126,283	129,773
Received during the year	61,334	1,725
Impact of exchange difference	-	(3,011)
Amount amortized during the year	(3,150)	(2,204)
Balance at 31 December	<u>184,467</u>	<u>126,283</u>

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 US\$61,334 (2016: US\$1,725) amortised over the useful life of the asset, which is estimated at 50 years.

22. SPONSORED SCHOLARSHIP AND RESEARCH GRANT

	2017 US\$	2016 US\$
MasterCard Foundation Fellowship Program (i)	4,393,333	3,498,404
Scholarship Endowment Fund (ii)	23,555	23,555
Other Donors (iii)	535,977	185,840
	<u>4,952,865</u>	<u>3,707,799</u>

NOTES TO THE FINANCIAL STATEMENTS

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

(i) MasterCard Foundation Fellowship Program

	2017 US\$	2016 US\$
Balance at 1 January	3,498,404	1,937,200
Received during the year	5,364,803	5,578,542
Amount utilized during the year	(4,469,874)	(4,017,338)
Balance at 31 December	<u>4,393,333</u>	<u>3,498,404</u>

	2017 US\$	2016 US\$
Breakdown of MasterCard Foundation scholarship Utilized		
MCF Program Support	378,420	461,812
MCF Tuition Fees, Housing and Other Student Support	4,091,455	3,555,526
	<u>4,469,875</u>	<u>4,017,338</u>

(i) MasterCard Foundation Fellowship Program

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. Total amount utilized during the year include US\$ 378,420 (2016: US\$ 461,812) for students recruitment program support, salaries, professional fees and other program support on behalf of Ashesi MCF fellows and US\$ 3,220,566.94 (2016: US\$ 2,812,182) to tuition fees, housing fees and other student support. An amount of US\$1,500,000 was also received from the MasterCard Foundation to augment the University's tuition discounts or scholarships given to students. US\$868,328 was given to students as scholarship in the year.

(ii) Scholarship Endowment Fund

	2017 US\$	2016 US\$
Balance at 1 January	23,555	23,555
Balance at 31 December	<u>23,555</u>	<u>23,555</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

(iii) Other Donors

	2017 US\$	2016 US\$
Balance at 1 January	185,840	278,910
Received during the year	852,333	438,981
Amount utilized during the year	(502,196)	(532,051)
	<u> </u>	<u> </u>
Balance at 31 December	<u>535,977</u>	<u>185,840</u>

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\$ 370,306 (2016: US\$ 459,182) in students tuition and housing grant and US\$ 131,890 (2016: US\$ 59,436) in research support.

23. LOANS AND BORROWINGS

	2017 US\$	2016 US\$
IFC Loan (a)	625,000	1,041,667
Loan from Ashesi Foundation (b)	1,423,077	1,500,000
	<u> </u>	<u> </u>
	<u>2,048,077</u>	<u>2,541,667</u>

31 December 2017

	Amount US\$	Payable Within 1 year US\$	Payable after 1 year US\$
Loans			
IFC Loan	625,000	416,667	208,333
Loan from Ashesi Foundation	1,423,077	76,923	1,346,154
	<u> </u>	<u> </u>	<u> </u>
	<u>2,048,077</u>	<u>493,590</u>	<u>1,554,487</u>

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	1500,000	76,923	1,423,077
	<u> </u>	<u> </u>	<u> </u>
	<u>2,541,667</u>	<u>493,590</u>	<u>2,048,077</u>

NOTES TO THE FINANCIAL STATEMENTS

23(a). IFC Loan

	2017 US\$	2016 US\$
Balance at 1 January	1,041,667	1,458,334
Payments	(416,667)	(416,667)
Balance at 31 December	<u>625,000</u>	<u>1,041,667</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 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\$ 23,845,975 (2016: US\$ 14,279,128).

23(b). Loan from Ashesi Foundation

	2017 US\$	2016 US\$
Balance at 1 January	1,500,000	1,500,000
Payments	(76,923)	-
Balance at 31 December	<u>1,423,077</u>	<u>1,500,000</u>

This relates to a loan amount of US\$999,988 obtained from the Ashesi Foundation in 2014 and US\$500,012 during in 2015 for the construction of a 96 bed student housing facility. The loan attracts an interest rate of 4.35% which is accrued on a day to day basis. 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

2017	Leasehold Land and Buildings US\$	Computer Software & Fitting & Library Accessories US\$	Furniture, Equipment US\$	Textbooks & Motor Books US\$	Plant & Vehicles US\$	Work-In Machinery US\$	Capital Progress US\$	Total US\$
Cost								
At 1 January, 2017	14,279,127	991,956	1,388,063	591,007	297,882	197,878	2,879,909	20,625,822
Additions	67,715	99,877	1,084,450	112,482	166,889	-	3,243,875	4,775,288
Transfer	2,297,327	-	-	-	-	-	(2,297,327)	-
Disposal	-	-	(35,169)	-	-	-	-	(35,169)
Revaluation adjustments	(1,913,699)	-	-	-	-	(65,130)	-	(1,978,829)
Revaluation surplus	9,115,505	-	-	-	140,489	-	-	9,255,994
At 31 December, 2017	23,845,975	1,091,833	2,437,344	703,489	464,771	273,237	3,826,457	32,643,106
Comprising								
Cost of asset revalued	14,730,470	-	-	-	-	132,748	14,863,218	17,300,562
Surplus on revaluation	9,115,505	-	-	-	-	140,489	-	9,255,994
At revaluation	23,845,975	-	-	-	-	273,237	-	24,119,212
At cost	-	1,091,833	2,437,344	703,489	464,771	-	3,826,457	8,523,894
At 31 December, 2017	23,845,975	1,091,833	2,437,344	703,489	464,771	273,237	3,826,457	32,643,106
Accumulated Depreciation								
At 1 January, 2017	1,314,769	861,539	774,205	532,824	117,678	65,130	-	3,666,145
Charge for the year	591,383	184,569	319,917	121,233	61,953	5,730	-	1,284,785
Disposal	-	-	(15,103)	-	-	-	-	(15,103)
Revaluation adjustment	(1,913,699)	-	-	-	-	(65,130)	-	(1,978,829)
At 31 December, 2017	(7,547)	1,046,108	1,079,019	654,057	179,631	5,730	-	2,956,998
Carrying Value								
At 31 December, 2017	23,853,522	45,725	1,358,325	49,432	285,140	267,507	3,826,457	29,686,108
At 31 December, 2016	12,964,357	130,417	613,858	58,183	180,203	132,748	2,879,910	16,959,676

NOTES TO THE FINANCIAL STATEMENTS

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

2016

Cost	Leasehold Land and Buildings US\$	Computer Software & Accessories US\$	Furniture, Fitting & Equipment US\$	Textbooks & Library Books US\$	Motor Vehicles US\$	Plant & Machinery US\$	Capital Work-In Progress US\$	Total US\$
At 1 January, 2016	14,113,713	941,052	1,094,954	446,225	331,206	197,878	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	1,388,063	591,007	297,882	197,878	2,879,910	20,625,822
Accumulated Depreciation								
At 1 January, 2016	915,045	699,918	556,273	367,291	86,755	53,913	-	2,679,095
Charge for the year	399,725	204,538	217,932	165,533	62,775	11,217	-	1,061,721
Disposal	-	(42,818)	-	-	(31,852)	-	-	(74,670)
At 31 December, 2016	1,314,770	861,538	774,205	532,824	117,679	65,130	-	3,666,146
Carrying Value								
At 31 December, 2016	12,964,357	130,417	613,858	58,183	180,203	132,748	2,879,910	16,959,676
At 31 December, 2015	13,198,668	241,234	538,681	78,934	244,451	143,965	17,867	14,463,800

The University's buildings and plants were revalued on the basis of their open market values by Amalgam Consult (Valuation Surveyors, Estate Manager & Development Consultants) in September 2017. These figures were incorporated in the financial statements for the year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

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

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

	2017 US\$	2016 US\$
Cost	35,169	76,142
Accumulated depreciation	(15,103)	(74,670)
Net book value	20,066	1,472
Sale proceeds	(21,055)	(15,577)
Profit on disposal	<u>(989)</u>	<u>(14,105)</u>

25(c). Security

At 31 December 2017, land and buildings with a carrying amount of US\$ 23,845,975 (2016: US\$ 14,279,128) 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

	2017 US\$	2016 US\$
Cost		
At 1 January	209,558	71,785
Additions	180,397	137,773
At 31 December	389,955	209,558
Write-off of intangible asset	(226,330)	(-)
Net book value	<u>163,627</u>	<u>209,558</u>

This relates to a software that was being developed in-house to track student's history from admission to the time they graduate from the school. During the year, management made an assessment to write-off the cost of the software amounting to US\$226,586 seeing as at the implementation stage it was not tailored enough to meet the specific needs of the University.

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.

NOTES TO THE FINANCIAL STATEMENTS

27. RELATED PARTY DISCLOSURES (CONT'D)

i) Transactions

During the year, US\$ 4,465,415 was received as grant from Ashesi Foundation in respect of scholarships (US\$ 221,887), capital grant (US\$ 3,745,143), engineering faculty support (US\$ 200,000), as well as general operational support (US \$ 298,385). In addition, an amount of US\$ 76,923 was paid to Ashesi Foundation in respect of interest and principal on the US 1,500,000 loan facility.

The following transactions were carried out with related parties:

ii) Outstanding balances due to related party:	2017 US\$	2016 US\$
(a) Grant	15,056,782	12,511,570
(b) Loan advanced by Ashesi Foundation	<u>1,432,077</u>	<u>1,500,000</u>
(iii) Key management compensation	2017 US\$	2016 US\$
Salaries and other short-term benefits	<u>233,341</u>	<u>260,936</u>
(iv) Loans and advances to related parties		
Loan advances to senior management and staff	<u>43,341</u>	<u>21,042</u>

28. ACCUMULATED FUND

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

29. CONTINGENCIES (2016: NIL)

There was no legal case pending against the University at the year end.

30. CAPITAL COMMITMENTS

Capital commitments as at 31 December, 2017 amounted to US\$ 13,500,000 (2016: US\$ 1,748,545).

31. EXCHANGE CONTROL

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