ASHESI UNIVERSITY COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2018

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

CORPORATE INFORMATION

DIRECTORS	Patrick Awuah (President) Pearl Esua-Mensah (Chairperson) Charles Cofie Kofi Kwakwa (Resigned: 9 March, 2018) Patrick Nutor Henry K. Prempeh (Resigned: 2 October, 2018) Tamar Di Franco Yawa Hansen-Quao Harriette Amissah-Arthur Mona Boyd (Appointed: 14 June, 2018) Sangu Delle (Appointed: 29 August, 2018)
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

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 13 August, 2019 and are signed on their behalf by:

DIRECTOR	DIRECTOR

KPMG

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 ("the University"), which comprise the statement of financial position at 31 December 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 43.

In our opinion, these financial statements give a true and fair view of the financial position of Ashesi University College at 31 December 2018, 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.

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors as required by the Companies Act, 1963 (Act 179) but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The 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.

KPMG

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

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.

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.

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.

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

KPMG
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**For and on behalf of:
KPMG: (ICAG/F/2019/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELENKPE
P O BOX GP 242
ACCRA**

13 Apr **2019**

ASHESI UNIVERSITY COLLEGE

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	Note	2018 US$	2017 US$
ASSETS			
Property, Plant and Equipment	25	37,320,405	29,686,108
Intangible Assets	26	199,325	163,628
Non-current asset		37,519,730	29,849,736
Short Term Investment	15	1,349,465	817,913
Accounts Receivable	16	1,986,692	2,653,211
Inventories	17	32,326	39,106
Cash and Cash Equivalents	18	9,663,461	6,724,351
Current assets		13,031,944	10,234,581
Total assets		50,551,674	40,084,317
EQUITY			
Accumulated Fund	28	8,342,042	5,775,117
Revaluation Reserve		9,255,994	9,255,994
Total Equity		17,598,036	15,031,111
LIABILITIES			
Loans and Borrowings	23	7,098,538	1,554,487
Capital Grant	21	17,495,181	15,951,082
Non-current liabilities		24,593,719	17,505,569
Loans and Borrowings	23	881,897	493,590
Accounts Payable	19	794,439	915,736
Deferred Tuition Fees	20	1,061,403	711,983
Capital Grant	21	600,119	473,463
Sponsored Scholarship and Research grant	22	5,022,061	4,952,865
Current liabilities		8,359,919	7,547,637
Total liabilities		32,953,638	25,053,206
Total equity and liabilities		50,551,674	40,084,317

DIRECTOR **DIRECTOR**

The notes on pages 12 to 43 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 2018

	Note	2018 US$	2017 US$
REVENUE			
Tuition Fees	8	7,194,259	6,145,652
Grant Released	10	7,436,160	6,002,530
Total revenue		14,630,419	12,148,182
Other Income	9	1,914,683	1,492,879
Total income		16,545,102	13,641,061
EXPENSES			
Scholarship Award	11	(4,940,936)	(4,483,203)
Administrative and General Expenses	12	(3,692,494)	(3,452,720)
Salaries and Benefits	13	(3,692,036)	(2,928,817)
Depreciation and Amortization	25	(1,361,322)	(1,511,371)
Impairment Loss on Financial Assets	6(c)	(32,999)	-
Total expenses		(13,719,788)	(12,376,111)
Net Finance Cost	14	(258,389)	(36,537)
Surplus for the year		2,566,925	1,228,413
Other Comprehensive income		-	-
Total Comprehensive Income		2,566,925	1,228,413

The notes on pages 12 to 43 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 2018

	Revaluation Reserve US$	Accumulated Fund US$	Total US$
31 December 2018			
Balance at 1 January	9,255,994	5,775,117	15,031,111
Total comprehensive income			
Surplus for the year	-	2,566,925	2,566,925
Surplus on revaluation	-	-	-
Balance at 31 December	9,255,994	8,342,042	17,598,036
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	-	9,255,994
Balance at 31 December	9,255,994	5,775,117	15,031,111

The notes on pages 12 to 43 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 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Surplus for the year		2,566,925	1,228,413
Adjustment for:			
Depreciation	25(a)	1,292,310	1,284,785
Amortisation	26	69,013	226,586
Grant Released	10	(7,436,160)	(6,002,530)
Profit on disposal of property plant and equipment	25(b)	-	(989)
Interest Income	14	(157,527)	(88,625)
Interest Expense	14	415,915	125,162
Impairment loss on financial assets	6	32,999	-
Unrealised exchange difference		84,177	58,065
		(3,132,348)	(3,169,133)
Changes in:			
Accounts receivable	16	666,519	(1,688,967)
Inventories	17	6,781	(19,377)
Accounts payable	19	(121,298)	313,570
Deferred tuition fees	20	349,420	92,551
Cash generated from operating activities		(2,230,926)	(4,471,356)
Interest paid		(241,485)	(125,162)
Net cash used in operating activities		(2,472,411)	(4,596,518)
Cash flows from investing activities			
Purchase of property, plant and equipment	25	(8,926,607)	(4,775,288)
Purchase of intangible assets	26	(104,709)	(180,399)
Proceeds from disposals of property, plant and equipment	25(b)	-	21,055
Interest received		139,412	88,625
Purchase of investments		(457,200)	700,000
Net cash used in investing activities		(9,349,104)	(4,146,006)
Cash flow from financing activities			
Grants received from Ashesi Foundation and others		3,528,511	4,943,433
Grant received for sponsored scholarship and research	22	6,079,917	6,217,136
Proceeds from borrowing	23	6,299,980	-
Repayment of borrowings		(532,052)	(493,590)
Net cash from financing activities		15,376,356	10,666,979
Net increase in cash and cash equivalents		3,554,839	1,924,455
Cash and cash equivalents at 1 January		7,542,264	5,676,130
Effect of movements in exchange rates on cash held		(84,177)	(58,321)
Cash and cash equivalents at 31 December	18	11,012,926	7,542,264

The notes on pages 12 to 43 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. 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. 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 company.

NOTES TO THE FINANCIAL STATEMENTS

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 15 (see A) and IFRS 9 (see B) from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Company's financial statements.

a. IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or service. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

IFRS 15 did not have a significant impact on the Company's accounting policies with respect to its revenue streams. The University has one performance obligation, which is the provision of service. The Univeristy has elected to treat delivery as an integrated activity and not as a separate performance obligation. There are no changes to performance obligations under the new standard.

Due to the transition methods chosen by the University in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

b. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Previously, the Company's approach was to include the impairment of trade receivables in other expenses. Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information. There was no material impact of the transition to IFRS 9 on the opening balance of retained earnings.

i. IFRS 9 replaces the " incurred loss" model in IAS 39 with an " expected credit loss" (ECL) model

The new impairment model applies to financial assets measured at amortised cost, contracts and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The company has determined that the application of IRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows.

NOTES TO THE FINANCIAL STATEMENTS

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IFRS 9 Financial Instruments (Cont'd)

In US Dollars

Loss allowance on related party trade receivables as at 31 December 2017 under IAS 39	-
Additional impairment recognized at 1 January 2018 on:	
Related party trade receivables at 31 December 2017	-
Loss allowance at 1 January 2018 under IFRS 9	-

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the University's financial assets and liabilities as at 1 January 2018.

The effects of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

In US Dollars	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Assets					
Accounts receivables	*(a)*	Loans and receivables	Amortised cost	2,653,211	2,653,211
Cash and cash equivalents		Loans and receivables	Amortised cost	6,724,351	6,724,351
Total financial assets				9,377,562	9,377,562

In US Dollars	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial Liabilities				
Loans	Other financial liabilities	Other financial liabilities	2,048,077	2,048,077
Trade payables	Other financial liabilities	Other financial liabilities	915,736	915,736
Total financial liabilities			2,963,813	2,963,813

a. Accounts receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES

a. Financial Instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the University becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair values plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

ii. Financial assets - Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the University changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- o its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
-
- o On initial recognition of an equity investment that is not held for trading, the University may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

iii. Financial assets - Business model assessment: Policy applicable from 1 January 2018

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

- o the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. Financial Instruments (Cont'd)

iii. Financial assets - Business model assessment: Policy applicable from 1 January 2018 (Cont'd)

- how the performance of the portfolio is evaluated and reported to the University's management;
-
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
-
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the University's continuing recognition of the assets.

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

iv. Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs {e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the University considers contingent events that would change the amount or timing of cash flows.

v. Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

vi. Financial assets - Policy applicable before 1 January 2018

The company classified its financial assets into the loans and receivables and available for sale category - loans and receivables;

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. Financial Instruments (Cont'd)

vii. Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Loans and receivables comprise cash and cash equivalents, trade receivables, amounts due from related companies and other receivables. Loans and receivables were initially measured at fair value plus any directly attributable transaction costs, subsequently measured at amortised cost using the effective interest method less any impairment losses.
Available for sale financial assets were measured at cost.

viii. Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Non-derivative financial liabilities include interest-bearing loans, amounts due to related companies, bank overdrafts and trade and other payables.

ix. Non-derivative financial assets and financial liabilities – derecognition

The University derecognises a financial asset when the contractual rights to cash flows from the asset expire, or when 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 assets 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 company is recognised as a separate asset or liability.

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

Financial assets and liabilities are offset and the net amount presented when and only when, the University has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

b. Impairment of financial assets

Policy applicable before 1 January 2018

(i) Non-derivative financial assets

Financial assets not classified at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired include:

- default or delinquency by a debtor
- restructuring of an amount due to the company on terms that the company would not otherwise consider
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security or
- observable data indicating a measurable decrease in expected cash flows from a group of financial assets.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Impairment of financial assets (Cont'd)

Policy applicable before 1 January 2018 (Cont'd)

Financial assets measured at amortised costs

The University considers evidence of impairment for assets at both individual and collective levels. All individually significant assets are individually assessed for impairment. 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 assets with similar risk characteristics.

In assessing collective impairment, the University uses historical information on the timing of recoveries and the amounts of loss incurred and makes an adjustment if current economic and credit conditions are such that actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the University considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Financial instruments and related party receivables

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

The University measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the University considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the University's historical experience and informed credit assessment and including forward-looking information.

The University assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Impairment of financial assets (Cont'd)

Policy applicable before 1 January 2018 (Cont'd)

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the University is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the University expects to receive).

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

(i) Write-off

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

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Impairment of financial assets (Cont'd)

Measurement of ECLs (Cont'd)

(ii) Off setting

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

Income and expenses are presented on a net basis when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iii) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

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.

c. 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c. Property, plant and equipment (Cont'd)

(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.

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.

d. 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

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. 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.

f. 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.

g. Tuition Fees

Tuition fees are measured based on the consideration specified in the contract with the University's students. The University recognizes revenue when it renders a service.
The following provides information about the timing of the satisfaction of performance obligations in the contract with customers, including significant payment terms, and the related revenue recognition policies.

- Nature and timing of satisfaction of performance obligations, including significant payment terms

Revenue is recognised from the rendering of tuition service to students. Students enjoy the service just when it is being rendered. Tuition fees are paid at the beginning of the academic semester.

- Revenue recognition under IFRS 15 (applicable from 1 January 2018)

Revenue is recognised when a service is rendered to students and is enjoyed by the student.
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.

- Revenue recognition under IAS 18 (applicable before 1 January 2018)

Revenue is recognised to the extent that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised from the rendering of tuition service to students. Revenue is 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.

h. 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i. 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.

j. 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.

k. 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;

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k. Related parties (Cont'd)

- 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.

l. 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.

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

b. Cash and cash equivalents

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

c. Non-derivative financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

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 expected credit losses in respect of accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

c. Credit Risk (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:

	2018 US$	2017 US$
Accounts receivable**	97,395	243,946
Short Term Investments	1,349,465	817,913
Bank Balance	9,690,595	6,724,351
	11,137,455	7,786,210

** This excludes prepayments and advance payments to contractors

Impairment Losses

Account receivables that are neither past due nor impaired are within their approved credit limits and the University does not expect any non-payments from these students. The trade receivables which were past due but not impaired relate to certain student from whom there is no history of default. The aging analysis of the account receivables are as follows:

	2018		2017	
	Gross US$	Impairment US$	Gross US$	Impairment US$
Neither past due nor impaired	97,395	-	243,946	-
Past due but not impaired				
- by up to 90 days	-	-	-	-
- over 90 days	-	-	-	-
Past due and impaired	32,999	(32,999)	-	-
	130,394	(32,999)	243,946	(-)

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 2018

		Contractual cash flows		
	Carrying Amount US$	6 months or less US$	6-12 months US$	More than 1 year US$
Non-derivative financial liabilities				
IFC Loan	6,675,401	896,667	614,662	7,047,039
Loan from Ashesi Foundation	1,305,034	172,269	-	1,486,769
Accounts payable	794,438	794,438	-	-
	8,774,873	1,863,374	614,662	8,533,808

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	239,544	208,333	212,210
Loan from Ashesi Foundation	1,423,077	177,288	-	1,659,038
Accounts payable	915,737	915,737	-	-
	2,963,814	1,332,569	208,333	1,871,248

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.

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

e. Market Risk (Cont'd)

(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:

	2018 GH¢	2017 GH¢
Assets		
Cash and bank balances	4,578,855	5,329,040
Trade and other receivables	350,622	197,201
Short term investments (Treasury bills)	7,551,996	4,165,199
	12,481,473	9,691,440
Liability		
Trade and other payables	(906,543)	(2,675,143)
Net exposure	11,574,930	7,016,297

The following significant exchange rates applied during the year:

	Average rate		Reporting rate	
	2018	2017	2018	2017
GH¢ 1	4.71	3.97	4.93	4.55

(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:

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

e. Market Risk (Cont'd)

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

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.

	2018			2017	
% Change	Income Statement/ Net asset Impact Strengthening	Income/ Net asset Impact Weakening	Net asset % Change	Income Net asset Impact Strengthening	Income/ Impact Weakening
±1%	(105,780)	105,780	±1%	(330,843)	330,843

(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	
	2018 US$	2017 US$
Fixed rate instruments		
Loans and Borrowings (Note 23)	(7,980,435)	(2,048,077)
Short Term Investments (Note 18)	1,349,465	817,913
	(6,630,970)	(1,230,164)

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	
	2018 US$	2017 US$	2018 US$	2017 US$
Financial assets				
Short Term Investments	1,349,465	817,913	1,349,465	817,913
Accounts Receivable	97,395	243,946	97,395	243,946
Bank balance	9,663,461	6,724,351	9,663,461	6,724,351
	11,110,321	7,786,210	11,110,321	10,195,474

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL RISK MANAGEMENT (CONT'D)

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

(i) Financial instruments not measured at fair value (Cont'd)

	Carrying Value		Fair Value	
	2018 US$	2017 US$	2018 US$	2017 US$
Financial liabilities				
Loans and Borrowings	7,816,005	2,048,077	7,816,005	2,048,077
Accounts Payable	958,868	915,738	769,546	915,738
	8,774,873	2,963,815	8,774,873	2,963,815

7. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

There are new or revised Accounting Standards and Interpretations in issue that are not yet effective for the year ended 31 December 2018, and have not been applied in preparing these financial statements. These include the following Standards and Interpretations that may have an impact on future financial statements:

Standard/Interpretation		**Effective date Periods beginning on or after**
IFRS 16	*Leases*	1 January 2019
Conceptual Framework	*Amendments to References to Conceptual Framework in IFRS Standards*	1 January 2020
IAS 1 and IAS 8	*Definition of Material*	1 January 2020

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 Company is assessing the potential impact on the financial statements resulting from the application of IFRS 16. IFRIC 23 applies for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted.

Amendments to References to Conceptual Framework in IFRS Standards

Amendments to References to Conceptual Framework in IFRS Standards
The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date.

NOTES TO THE FINANCIAL STATEMENTS

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

Amendments to References to Conceptual Framework in IFRS Standards (Cont'd)

The revised Conceptual Framework, issued by the IASB in March 2018, includes:
- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. Although we expect this to be rare, some companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. The Company is assessing the potential impact on the financial statements.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.
The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

The Company is assessing the potential impact on the financial statements.

8. TUITION FEES

	2018 US$	2017 US$
Tuition fees	7,194,259	6,145,652

9. OTHER INCOME

	2018 US$	2017 US$
Student Housing and Admission fees	962,188	810,805
Graduation Fees	22,646	26,743
Bad debts recovered	40,864	62,675
Departmental income	713,613	505,644
Rent income and technical support fee from GCIC*	145,680	86,023
Profit on disposal of assets [Note 25 (b)]	-	989
Exchange gain	29,692	-
	1,914,683	1,492,879

* Ghana Climate Innovation Centre

NOTES TO THE FINANCIAL STATEMENTS

10. GRANT RELEASED TO INCOME STATEMENT

	2018 US$	2017 US$
Capital Grant (Note 10) (i)	600,119	473,462
Other Program Support	1,865,275	1,059,193
MCF Program support (Note 22) (i)	513,125	378,420
MCF Tuition Fees, Housing and Medical Insurance Support (Note 22) (i)	4,457,641	4,091,455
	7,436,160	6,002,530

(i) Capital Grant

	2018 US$	2017 US$
Ashesi Foundation	523,442	396,785
Elma Foundation	74,000	74,000
Other Donors	2,677	2,677
	600,119	473,462

11. SCHOLARSHIP AWARD

	2018 US$	2017 US$
Tuition Grant	1,040,956	868,328
Housing Grant	45,339	15,057
MCF Tuition Fees, Housing and Other Student Support	3,382,222	3,223,127
Tuition and housing grant – Others	472,419	376,691
	4,940,936	4,483,203

12. ADMINISTRATIVE AND GENERAL EXPENSES

	2018 US$	2017 US$
Repairs and Maintenance	246,740	207,793
Professional fees	185,136	293,049
MCF Program Expenses	513,125	378,420
Marketing, Promotions and Events	330,430	269,705
Auditors' Remuneration	48,000	47,575
Property Management Expenses	498,407	427,011
Research Expenses	366,039	246,970
Other Administrative Cost	1,504,617	1,522,932
Exchange loss	-	59,265
	3,692,494	3,452,720

NOTES TO THE FINANCIAL STATEMENTS

13. SALARIES AND BENEFITS

	2018 US$	2017 US$
Wages and salaries	2,498,113	1,927,711
Social security contributions	230,392	181,088
Contributions to defined contribution plans - provident fund	103,957	70,469
Other staff expenses and allowances	859,574	749,549
	3,692,036	2,928,817

The average number of staff and faculty employed by the University during the year was 316 (2018: 299).

14. NET FINANCE COST

	2018 US$	2017 US$
Interest income on treasury bills and fixed deposits	157,527	88,625
Interest charged on IFC and Ashesi loan	(415,915)	(125,162)
	(258,388)	(36,537)

15. SHORT TERM INVESTMENTS

	2018 US$	2017 US$
Treasury Bills	1,349,465	817,913

16. ACCOUNTS RECEIVABLE

	2018 US$	2017 US$
Tuition fees receivable	24,379	200,605
Staff Loans	73,016	43,341
Advance Payment to Contractors	1,815,118	2,366,381
Prepayment	74,179	42,884
	1,986,692	2,653,211

The maximum amount due from officers of the University during the year amounted to US$ 73,016 (2017: US$ 43,341).

NOTES TO THE FINANCIAL STATEMENTS

17. INVENTORIES

	2018 US$	2017 US$
TI-84 Plus Graphing Calculators	13,262	24,501
Other consumables	19,065	14,605
	32,327	39,106

18. CASH AND CASH EQUIVALENTS

	2018 US$	2017 US$
Bank balances	9,663,461	6,724,351
Cash and cash equivalents in the statement of financial position	9,663,461	6,724,351
91 Day Treasury Bills (Note 15)	1,349,465	817,913
Cash and cash equivalents in the statement of cash flows	11,012,926	7,542,264

19. ACCOUNTS PAYABLE

	2018 US$	2017 US$
Suppliers	436,448	587,943
Accrued Expenses	79,784	109,696
Other payables	278,206	218,097
	794,438	915,736

20. DEFERRED TUITION FEES

	2018 US$	2017 US$
Balance at 1 January	711,983	619,432
Amount deferred	1,061,403	711,983
Amount released	(711,983)	(619,432)
Balance at 31 December	1,061,403	711,983

Deferred tuition fees represents tuition fees paid in advanced by students.

21. GRANTS

	2018 US$	2017 US$
Ashesi University Foundation (i)	15,904,218	15,056,782
ELMA Growth Foundation (ii)	2,009,296	1,183,296
Others (iii)	181,786	184,467
	18,095,300	16,424,545

NOTES TO THE FINANCIAL STATEMENTS

21. GRANTS (CONT'D)

Breakdown of grant	2018 US$	2017 US$
Grants available after one year	17,495,181	15,951,082
Grants available within one year	600,119	473,463
Balance at 31 December	18,095,300	16,424,545

(i) Ashesi University Foundation

	2018 US$	2017 US$
Balance at 1 January	15,056,782	11,528,465
Received during the year	2,696,139	4,480,030
Amount amortized during the year	(1,848,703)	(931,673)
Balance at 31 December	15,904,218	15,056,782

(i) Ashesi University Foundation (Cont'd)

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, 2018, $2,696,139 in funds were provided by Ashesi University Foundation to Ashesi University College, including $1,370,000 in capital grants, $ 391,139 in scholarships, and $935,000 in other program support grants. The University utilized all grant amounts received in accordance with the restriction applicable.

(ii) ELMA Growth Foundation

	2018 US$	2017 US$
Balance at 1 January	1,183,296	857,296
Received during the year	900,000	400,000
Amount amortized during the year	(74,000)	(74,000)
Balance at 31 December	2,009,296	1,183,296

ELMA growth foundation is a Not-For-Profit organization in the United States of America. During the year ended December 31, 2018, $900,000 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.

NOTES TO THE FINANCIAL STATEMENTS

21. GRANTS (CONT'D)

(iii) Others

	2017 US$	2016 US$
Balance at 1 January	184,467	126,283
Received during the year	-	61,334
Amount amortized during the year	(2,681)	(3,150)
Balance at 31 December	181,786	184,467

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 Nil (2017: US$61,334) amortised over the useful life of the asset, which is estimated at 50 years.

22. SPONSORED SCHOLARSHIP AND RESEARCH GRANT

	2018 US$	2017 US$
MasterCard Foundation Fellowship Program (i)	4,663,939	4,393,333
Scholarship Endowment Fund (ii)	23,555	23,555
Other Donors (iii)	334,567	535,977
	5,022,061	4,952,865

(i) MasterCard Foundation Fellowship Program

	2018 US$	2017 US$
Balance at 1 January	4,393,332	3,498,404
Received during the year	5,239,802	5,364,803
Amount utilized during the year	(4,969,195)	(4,469,874)
Balance at 31 December	4,663,939	4,393,333

Breakdown of MasterCard Foundation scholarship Utilized

MCF Program Support	513,125	378,420
MCF Tuition Fees, Housing and Other Student Support	4,456,070	4,091,455
	4,969,195	4,469,875

The University entered into a US$25.5 million partnership with MasterCard Foundation (MCF) of Canada in May 2016 to extend scholarships to Ashesi-MCF Fellowship students over an 8 year period. Total amount utilized during the year include US$ 513,125 (2017: US$ 378,420) for students recruitment program support, salaries, professional fees and other program support on behalf of Ashesi MCF fellows and US$ 3,382,222 (2017: US$ 3,220,567) to tuition fees, housing fees and other student support. An amount of US$ 994,604 was also received from the MasterCard Foundation to augment the University's tuition discounts or scholarships given to students. US$1,040,956 was given to students as scholarship in the year.

NOTES TO THE FINANCIAL STATEMENTS

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

(ii) Scholarship Endowment Fund

	2018 US$	2017 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

	2018 US$	2017 US$
Balance at 1 January	535,977	185,840
Received during the year	840,115	852,333
Amount utilized during the year	(1,041,525)	(502,196)
Balance at 31 December	334,567	535,977

These are funds received from Tullow Ghana Scholarship Fund, Ford Foundation, Other institutions and individuals to fund research and other students' projects. Amount utilized during the year include US$ 781,826 (2017: US$ 370,306) in students tuition and housing grant and US$ 259,699 (2017: US$ 131,890) in research support.

23. LOANS AND BORROWINGS

	2018 US$	2017 US$
IFC Loan (a)	6,675,401	625,000
Loan from Ashesi Foundation (b)	1,305,034	1,423,077
	7,980,435	2,048,077

31 December 2018

	Amount US$	Payable within 1 year US$	Payable after 1 year US$
Loans			
IFC Loan	6,675,401	766,512	5,906,230
Loan from Ashesi Foundation	1,305,034	115,385	1,192,308
	7,980,435	881,897	7,098,538

NOTES TO THE FINANCIAL STATEMENTS

23. LOANS AND BORROWINGS (CONT'D)

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
	2,048,077	493,590	1,554,487

IFC Loan I

	2018 US$	2017 US$
Balance at 1 January	625,000	1,041,667
Additions	-	-
Interest charged	31,220	69,895
Repayments	(447,886)	(486,562)
Balance at 31 December	208,334	625,000

This relates to a loan amount of US$2,500,000 obtained from the International Finance Corporation (IFC) in the year 2010 for the construction of a University campus. It attracts an interest rate of 7.36% which is accrued on a day to day basis. Included in repayments of US$ 447,886 is principal amount of US$ 416,667 and interest of US$ 31,220. Repayment of the loan begins from September 2013 to March 2019. The loan is secured over land and buildings with a carrying value of US$ 26,474,159 (2017: US$ 23,845,975).

23(a). IFC Loan II

	2018 US$	2017 US$
Balance at 1 January	-	-
Additions	6,299,980	-
Interest charged	325,449	-
Repayments	(158,362)	-
Balance at 31 December	6,467,067	-

This relates to a loan amount of US$ 6,299,980 obtained from the International Finance Corporation (IFC) in the year 2018 for the construction of a University campus. It attracts an interest rate of 5.5% above the 6months LIBOR which is accrued on a day to day basis. The repayment amount of US$ 158,362 relates entirely to the repayment of interests. Principal repayment of the loan is US$787,400 per year beginning from September 2019 to March 2027 respectively. The loan is secured over land and buildings with a carrying value of US$ 26,474,159 (2017: US$ 23,845,975).

NOTES TO THE FINANCIAL STATEMENTS

23. LOANS AND BORROWINGS (CONT'D)

23(b). Loan from Ashesi Foundation

	2018 US$	2017 US$
Balance at 1 January	1,423,077	1,500,000
Additions	-	-
Interest charged	59,245	65,250
Repayments	(177,288)	(142,173)
Balance at 31 December	1,305,034	1,423,077

LOANS AND BORROWINGS (CONT'D)

Loan from Ashesi Foundation (Cont'd)

This relates to a loan amount of US$999,988 obtained from the Ashesi Foundation in 2014 and US$500,012 in 2015 for the construction of a 96 bed student housing facility. The loan attracts an interest rate of 4.35% which is accrued on a day to day basis. Included in repayments of US$ 177,288 is principal amount of US$ 115,385 and interest of US$ 51,903. Repayment of the loan begins from April 2017 to April 2030 for the initial loan and from April 2018 to April 2031 for the latter.

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

2018	Leasehold Land and Buildings US$	Computer & Accessories US$	Furniture, Fitting & Equipment US$	Textbooks & Library Books US$	Motor Vehicles US$	Plant & Machinery US$	Capital Work-In Progress US$	Total US$
Cost								
At 1 January, 2018	23,845,975	1,091,833	2,429,797	703,489	464,771	273,237	3,826,457	32,635,559
Additions	-	99,976	449,412	110,614	67,000	17,624	8,181,981	8,926,607
Transfer	2,628,184	-	-	-	-	-	(2,628,184)	-
At 31 December, 2018	26,474,159	1,191,809	2,879,209	814,103	531,771	290,861	9,380,254	41,562,166
Accumulated Depreciation								
At 1 January, 2018	-	1,046,108	1,063,925	654,057	179,631	5,730	-	2,949,451
Charge for the year	623,493	17,302	399,616	132,487	101,888	17,524	-	1,292,310
Disposal	-	-	-	-	-	-	-	-
At 31 December, 2018	623,493	1,063,410	1,463,541	786,544	281,519	23,254	-	4,241,761
Carrying Value								
At 31 December, 2018	25,850,666	128,399	1,415,668	27,559	250,252	267,607	9,380,254	37,320,405
At 31 December, 2017	23,853,522	45,725	1,350,778	49,432	285,140	267,507	3,826,457	29,686,108

NOTES TO THE FINANCIAL STATEMENTS

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

2017	Leasehold Land and Buildings US$	Computer & Accessories US$	Furniture, Fitting & Equipment US$	Textbooks & Library Books US$	Motor Vehicles US$	Plant & Machinery US$	Capital Work-In Progress US$	Total US$
Cost								
At 1 January, 2017	14,279,127	991,956	1,380,516	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	2,429,797	703,489	464,771	273,237	3,826,457	32,635,559
Accumulated Depreciation								
At 1 January, 2017	1,322,316	861,539	774,205	532,824	117,678	65,130	-	3,673,092
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	-	1,046,108	1,071,472	654,057	179,631	5,730	-	2,974,545
Carrying Value								
At 31 December, 2017	23,845,975	45,725	1,350,778	49,432	285,140	267,507	3,826,457	29,678,561
At 31 December, 2016	12,964,357	130,417	606,311	58,183	180,203	132,748	2,879,910	16,952,129

NOTES TO THE FINANCIAL STATEMENTS

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

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

	2018 US$	2017 US$
Cost	-	35,169
Accumulated depreciation	-	(15,103)
Net book value	-	20,066
Sale proceeds	-	(21,055)
Profit on disposal	-	(989)

25(c). Security

At 31 December 2018, land and buildings with a carrying amount of US$ 25,850,666 (2017: US$ 23,853,522) was subject to a registered debenture that serves as security for a loan acquired from the International Finance Corporation (IFC) in 2010 and 2018.

26. INTANGIBLE ASSETS

	2018 US$	2017 US$
Cost		
At 1 January	163,628	209,815
Additions	104,709	180,399
At 31 December	268,337	390,214
Amortization	(69,013)	(226,586)
Net book value	199,325	163,628

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.

i) Transactions

During the year, US$ 2,212,852 was received as grant from Ashesi Foundation in respect of scholarships (US$ 457,028), capital grant (US$ 1,370,000), as well as general operational support (US $ 385,824). In addition, an amount of US$ 177,288 was paid to Ashesi Foundation in respect of interest and principal on the US 1,500,000 loan facility.

NOTES TO THE FINANCIAL STATEMENTS

27. RELATED PARTY DISCLOSURES (CONT'D)

The following transactions were carried out with related parties:

ii)	**Outstanding balances due to related party:**	**2018 US$**	**2017 US$**
(a)	Grant	15,904,218	15,056,782
(b)	Loan advanced by Ashesi Foundation	1,305,034	1,432,077

(iii) Key management compensation

	2018 US$	**2017 US$**
Salaries and other short-term benefits	273,114	233,341

(iv) Loans and advances to related parties

Loan advances to senior management and staff	73,016	43,341

28. ACCUMULATED FUND

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

29. CONTINGENCIES

There was no legal case pending against the University at the year end. (2017: NIL)

30. CAPITAL COMMITMENTS

Capital commitments as at 31 December, 2018 amounted to US$ 2,689,949 (2017: US$ 13,500,000).

31. EXCHANGE CONTROL

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