

ASHESI UNIVERSITY LBG

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE SEVEN MONTH PERIOD ENDED 31 JULY 2022**

ASHESI UNIVERSITY LBGPeriod ended 31 July 2022

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ASHESI UNIVERSITY LBG

Period ended 31 July 2022

Corporate information

Board of directors

Patrick Gyimah Awuah (President)
Pearl Aba Esua-Mensah
Yawa Hansen-Quao
Mona Boyd
Sangu Julius Delle
Yaw Asare Aboagye (Chairperson)
Abdul-Latif Issahaku
Harriette Amissah-Arthur
Mabel Frances Wilson (Appointed on 17 January 2022)

Registered office

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

Independent auditor

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane, Cantonments City
PMB CT42
Cantonments
Accra, Ghana

REPORT OF THE DIRECTORS

The Directors present their report and the financial statements of the University for the seven month period ended 31 July 2022.

Directors' responsibility statement

The directors are responsible for the preparation of financial statements for each financial period that give a true and fair view of the state of affairs of the University at the end of the financial period and of the income or deficit and cash flows for that period. In preparing these financial statements, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Financial Reporting Standards (IFRS), and complied with the requirements of the Companies Act, 2019 (Act 992).

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

The Directors have made an assessment of the 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.

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 period.

Ownership

Ashesi University is a company registered in Ghana as a not-for-profit entity limited by guarantee with Ashesi University Foundation as a sole member. Ashesi University Foundation is a Not-for-profit organisation registered in Washington, Seattle, United States of America.

Financial results

The financial performance of the University is set out on page 9.

Particulars of entries in the interests register during the financial period

No Director had any interest in contracts and proposed contracts with the University during the period under audit, hence there were no entries recorded in the Interests Register as required by 194(6), 195(1)(a) and 196 of the Companies Act, 2019 (Act 992).

Change in financial year end

The University changed its financial year end from 31 December to 31 July during the year. Comparative information is therefore for the year ended 31 December 2021.

ASHESI UNIVERSITY LBG
Report for the seven month period ended 31 July 2022

REPORT OF THE DIRECTORS (continued)

Corporate social responsibility

A total of US\$2,887,867 was spent on corporate social responsibility, with key focus on students scholarships, community and entrepreneurship projects.

Further information on corporate social responsibilities activities are set out in Appendix 1.

Capacity building of directors to discharge their duties

On appointment to the Board, Directors are provided with full, formal and tailored programmes of induction, to enable them gain in-depth knowledge about the University's business, the risks and challenges faced, the economic knowledge and the legal and regulatory environment in which the University operates. Programmes of strategic and other reviews, together with the other training programmes provided during the period, ensure that Directors continually update their skills, knowledge and familiarity with the University's business. This further provides insights about the industry and other developments to enable them effectively fulfil their role on the Board and committees of the Board.

Auditor

The auditor, PricewaterhouseCoopers, has expressed willingness to continue in office in accordance with section 139 (5) of the Companies Act, 2019 (Act 992). Auditors' remuneration for the period ended 31 July 2022 is US\$40,000 excluding indirect taxes.

Approval of the report of the directors

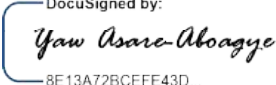
The report of the Directors of Ashesi University LBG, was approved by the Board of Directors on 19th December 2023 and signed on their behalf by:

Director: Patrick G. Awuah Jr

paauah

Signature:

Director: Yaw Asare-Aboagye

Signature: 8E13A72BCEFE43D...

Date: 19th December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASHESI UNIVERSITY LBG

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ashesi University LBG (the "University") as at 31 July 2022, and of its financial performance and its cash flows for the 7 month period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2019 (Act 992).

What we have audited

We have audited the financial statements of Ashesi University LBG for the 7 month period ended 31 July 2022.

The financial statements comprise:

- the statement of financial position as at 31 July 2022;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, comprising a summary of material accounting policy information and other explanatory information.

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

Independence

We are independent of the University in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants and the independence requirements of section 143 of the Companies Act, 2019 (Act 992) that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Corporate Social Responsibilities Report and the Report on the Use of Member Funds 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASHESI UNIVERSITY LBG (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information, 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, 2019 (Act 992), 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.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 the directors;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASHESI UNIVERSITY LBG (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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; and
- 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act, 2019 (Act 992) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the University, so far as appears from our examination of those books; and
- iii) the University's statement of financial position and the University's statement of comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Edward Gomado (ICAG/P/1209).



PricewaterhouseCoopers (ICAG/F/2023/028)

Chartered Accountants

Accra, Ghana

20 December 2023



ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

STATEMENT OF FINANCIAL POSITION

(All amounts are in United States Dollars)

	Note	At 31 July 2022	At 31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	4	40,219,503	40,076,965
Intangible assets	5	-	15,238
Investment securities	6	<u>461,642</u>	<u>4,207,495</u>
		40,681,145	44,299,698
Current assets			
Endowment assets	7	43,555	43,555
Short term investments	8	2,326,194	2,697,639
Accounts receivable	9	310,440	937,167
Inventories	10	80,655	115,358
Cash and cash equivalents	11	15,696,555	17,247,013
Other financial assets	12	<u>2,648,475</u>	<u>2,933,361</u>
		21,105,874	23,974,093
Total assets		61,787,019	68,273,791
EQUITY AND LIABILITIES			
Equity			
Accumulated fund	13	14,909,269	14,064,575
Contributions by member	14	17,428,530	17,428,530
Endowment fund	15	43,555	43,555
Other reserves	16	<u>9,007,919</u>	<u>9,255,994</u>
		41,389,273	40,792,654
Non-current liabilities			
Deferred income	17	4,319,228	4,535,054
Loans and borrowings	18	4,487,293	4,117,322
Employee benefit obligations	20	<u>159,410</u>	<u>169,958</u>
		8,965,931	8,822,334
Current liabilities			
Accounts payable	19	1,158,888	1,241,180
Deferred income	17	9,710,079	16,113,420
Loans and borrowings	18	<u>562,848</u>	<u>1,304,203</u>
		11,431,815	18,658,803
Total liabilities		20,397,746	27,481,137
Total equity and liabilities		61,787,019	68,273,791

The notes on pages 12 to 50 are an integral part of these financial statements.

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

STATEMENT OF FINANCIAL POSITION (continued)

(All amounts are in United States Dollars)

The financial statements on pages 7 to 50 were approved by the Board of Directors on 19 December 2023 and signed on their behalf by:



.....
SIGNATURE

Patrick G. Awuah Jr

.....
NAME OF DIRECTOR

DocuSigned by:
Yaw Asare-Aboagye
.....
8E19A72BCEFE43D.....

SIGNATURE

Yaw Asare-Aboagye

.....
NAME OF DIRECTOR

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

STATEMENT OF COMPREHENSIVE INCOME

(All amounts are in United States Dollars)

	Note	7 month period ended 31 July 2022	Year ended 31 December 2021
Income			
Tuition fees	22	5,084,929	8,643,661
Grant income	23	7,400,076	9,428,172
Investment income	24	279,728	572,120
Other income	25	<u>1,516,719</u>	<u>1,648,595</u>
Total income		<u>14,281,452</u>	<u>20,292,548</u>
Expenses			
Scholarship awards and donor expenses	26	(6,934,250)	(8,780,709)
General and administrative expenses	27	(2,785,212)	(3,069,556)
Salaries and benefits	28	(2,505,529)	(4,681,508)
Depreciation and amortisation	29	(746,809)	(1,588,000)
Net finance costs	30	(306,391)	(246,207)
Impairment loss on accounts receivable	9	<u>(158,567)</u>	<u>(40,519)</u>
Total expenses		<u>(13,436,758)</u>	<u>(18,406,499)</u>
Surplus for the period/year		844,694	1,886,049
Other comprehensive income			
Actuarial gain on remeasurement of post-employment benefit obligations	20	36,811	-
Fair value loss on financial assets at fair value through other comprehensive income	12	<u>(284,886)</u>	<u>-</u>
Total comprehensive income		<u>596,619</u>	<u>1,886,049</u>

The notes on pages 12 to 50 are an integral part of these financial statements.

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

STATEMENT OF CHANGES IN EQUITY

(All amounts are in United States Dollars)

	Other reserves	Contributions by member	Endowment fund	Accumulated fund	Total
<u>Period ended 31 July 2022</u>					
At 1 January 2022	9,255,994	17,428,530	43,555	14,064,575	40,792,654
Surplus for the period	-	-	-	844,694	844,694
Other comprehensive income	<u>(248,075)</u>	-	-	-	<u>(248,075)</u>
Total comprehensive income	<u>(248,075)</u>	-	-	<u>844,694</u>	<u>596,619</u>
At 31 July 2022	<u>9,007,919</u>	<u>17,428,530</u>	<u>43,555</u>	<u>14,909,269</u>	<u>41,389,273</u>
 <u>Year ended 31 December 2021</u>					
At 1 January 2021	<u>9,255,994</u>	<u>16,146,912</u>	<u>43,555</u>	<u>12,178,526</u>	<u>37,624,987</u>
Surplus for the year	-	-	-	<u>1,886,049</u>	<u>1,886,049</u>
Total comprehensive income	-	-	-	<u>1,886,049</u>	<u>1,886,049</u>
Contributions by member	-	<u>1,281,618</u>	-	-	<u>1,281,618</u>
At 31 December 2021	<u>9,255,994</u>	<u>17,428,530</u>	<u>43,555</u>	<u>14,064,575</u>	<u>40,792,654</u>

The notes on pages 12 to 50 are an integral part of these financial statements.

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

STATEMENT OF CASH FLOWS

(All amounts are in United States Dollars)

	Note	7 month period ended 31 July 2022	Year ended 31 December 2021
Cash flows from operating activities			
Surplus for the period/year		844,694	1,886,049
<i>Adjustments for:</i>			
Depreciation	29	731,571	1,570,547
Amortisation	29	15,238	17,453
Utilisation of deferred income	17	(8,638,623)	(10,263,141)
Accrued interest on investments	6	(11,151)	(53,853)
Premiums on investments	6	(9,391)	(52,502)
Loan discount	18	-	(138,404)
Interest expense on borrowings	18	345,802	385,703
Deferred fees received in advance	17	1,076,828	1,488,547
Profit on disposal	4	(35,600)	-
Impairment loss on financial assets	9	158,567	40,519
		<u>(5,522,065)</u>	<u>(5,119,082)</u>
Changes in working capital			
Short term investments	8	371,445	(1,794,464)
Accounts receivable	9	468,160	(46,061)
Inventories	10	34,703	3,390
Changes in employee benefit obligations		26,263	169,958
Accounts payable	19	(82,292)	57,619
Other financial assets	12	-	<u>(2,933,361)</u>
Cash used in operations		(4,703,786)	(9,662,001)
Interest paid	18	<u>(208,051)</u>	<u>(421,155)</u>
Net cash used in operating activities		<u>(4,911,837)</u>	<u>(10,083,156)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(912,434)	(2,436,636)
Purchase of investments	6	-	(4,545,281)
Maturity/Sale of Investments	6	3,766,395	444,141
Proceeds from disposal	4	<u>73,925</u>	-
Net cash generated from/(used in) investing activities		<u>2,927,886</u>	<u>(6,537,776)</u>
Cash flows from financing activities			
Grants received for capital project	17	-	1,235,901
Grants received for sponsored scholarship and research	17	942,628	9,841,149
Principal repayment of borrowings	18	(509,135)	(902,884)
Member contributions	14	-	<u>1,281,618</u>
Net cash generated from financing activities		<u>433,493</u>	<u>11,455,784</u>
Net decrease in cash and cash equivalents		(1,550,458)	(5,165,148)
Cash and cash equivalents at 1 January		<u>17,247,013</u>	<u>22,412,161</u>
Cash and cash equivalents at 31 July/31 December	11	<u>15,696,555</u>	<u>17,247,013</u>

The notes on pages 12 to 50 are an integral part of these financial statements.

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

NOTES

1. General Information

Ashesi University LBG is a university domiciled in Ghana. The University's registered office is at No. 1 University Avenue, Berekuso. The University is 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 the University.

2. Summary of significant accounting policies

2.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2019 (Act 992). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the University's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The directors do not have the power to amend the financial statements after issue.

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for building, plant and machinery which are measured at fair value.

(c) Functional and presentation currency

These financial statements are presented in United States Dollars (US\$) which is the University's functional currency. All amounts have been rounded to the nearest United States Dollar, unless otherwise indicated.

(d) Use of estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the University's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(e) Change in financial year end

The University changed its financial year end from 31 December to 31 July during the year. Comparative information is therefore for the year ended 31 December 2021.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the University

The University has applied the amendments set below for the first time for their annual reporting period commencing 1 January 2022:

(i) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

(ii) Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(iii) Annual Improvements to IFRS Standards 2018-2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the University (continued)

(iv) Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendments above did not have any impact on the amounts recognized in prior and current periods and are not expected to significantly affect future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 July 2022 reporting periods and have not been early adopted by the University. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(i) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

This amendment is effective for reporting periods beginning on or after 1 January 2023.

(ii) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

This amendment is effective for reporting periods beginning on or after 1 January 2023.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

(iii) Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

This amendment is effective for reporting periods beginning on or after 1 January 2023.

(iv) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. The Company will not be affected by the amendments.

2.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Accounts receivable and short-term investments 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Financial instruments (continued)

Classification and subsequent measurement

Financial assets

For purposes of classification and measurement, the University classifies financial assets into two categories:

- i) Financial Assets at Amortised Cost
- ii) Financial Assets at Fair Value through Other Comprehensive Income

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.

i) Financial assets at amortised cost

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the University may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

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

- 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;
- 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

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Financial instruments (continued)

Classification and subsequent measurement (continued)

i) Financial assets at amortised cost (continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

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 University 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;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the University's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and loss

Financial assets at amortised cost 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Financial instruments (continued)

Classification and subsequent measurement (continued)

ii) Financial assets at fair value through other comprehensive income (FVOCI)

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the University has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the University considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the University's business model is achieved both by collecting contractual cash flows and selling the financial assets.

After initial measurement, financial assets at FVOCI are subsequently measured at fair value with unrealised gains or losses recognised in OCI and recognised in the financial assets at FVOCI reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the financial assets at FVOCI reserve to the statement of profit or loss in finance costs. Interest earned whilst holding financial assets at FVOCI is reported as interest income using the (Effective Interest Rate) EIR method. The University evaluates whether the ability and intention to sell its financial assets at FVOCI in the near term is still appropriate. When, in rare circumstances, the University is unable to trade these financial assets due to inactive markets, the University may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the financial assets at FVOCI category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

Financial liabilities

Financial liabilities are classified as measured at amortised cost. These financial liabilities comprise loans and borrowings and accounts payable. These liabilities are recognised initially on the date at which the University becomes a party to the contractual provision of the instrument. All 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.3 Financial instruments (continued)

Derecognition

Financial assets

The University derecognises a financial asset when the contractual rights to the cash flows from the financial 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 in which the University neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The University derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The University also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the University currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.4 Impairment

Financial instruments and contract assets

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 are measured at 12-month ECLs. Loss allowances for accounts receivable 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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Impairment (continued)

To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on payment profile of tuition fees over 12 months and the corresponding historical credit losses experienced within the period. The historical loss rates are adjusted to reflect current and forward-looking macroeconomic information affecting the ability of tenants to settle outstanding receivables.

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).

ECLs are discounted at the effective interest rate of the financial asset.

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

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

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 make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The University expect 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 University's procedures for recovery of amounts due .

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Impairment (continued)

Non-financial assets

At each reporting date, the University reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax asset) 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 the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

2.5 Leases

The University assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the University uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into (or changed) on or after 1 January 2020.

University acting as a lessee

The University applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The University recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The University recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term, unless the lease transfers ownership of the underlying asset to the University by the end of the lease term or the cost of the right-of-use asset reflects that the University will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment.

The right-of-use assets are also subject to impairment, if any, and adjusted for certain remeasurements of the lease liability.

NOTES (continued)**2. Summary of significant accounting policies (continued)****2.5 Leases (continued)***Lease liabilities*

At the commencement date of the lease, the University recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the University and payments of penalties for terminating the lease, if the lease term reflects the University exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the University uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The University presents right-of-use assets as part of property, plant and equipment.

2.6 Property, plant and equipment

Property, plant and equipment are recognised at their revalued amounts, being the fair value based on periodic, but at least five years interval valuation by external independent valuers, less any subsequent depreciation. A revaluation surplus is credited to other reserves in equity.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following annual rates are used for the depreciation of property, plant and equipment:

Leasehold land & Buildings	-	20-50 years
Computer & Accessories	-	3 years
Furniture, Fitting & Equipment	-	5 years
Motor Vehicles	-	5 years
Plant and Machinery	-	10-20 years

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

Depreciation on revalued property, plant and equipment is recognised in the statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to accumulated funds.

Land is measured at fair value based on periodic valuations by external independent valuers.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Capital work in progress

Property, plant and equipment under construction is stated at initial cost and depreciated from the date the asset is made available for use over its estimated useful life. Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and other costs directly attributable to the completion of the assets. Assets under construction (Work In Progress) are not depreciated as these assets are not yet available for use.

Assets are transferred from capital work in progress to an appropriate category of property, plant and equipment when commissioned and ready for its intended use.

2.7 Intangible Assets

(i) Computer Software

Intangible assets comprise computer software licenses. Software acquired by the University is measured at costs less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure on software is capitalised only when it increases 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 recognised in profit or loss.

The estimated useful life is as follows:

Computer Software - 3 years

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Finance income and finance costs

Finance income comprises interest income on funds invested in held to maturity financial assets. Interest income is recognised 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 recognised in profit or loss using the effective interest method.

2.9 Grants

a) Grants received from Ashesi University Foundation

These relate to grants received by the University's main sponsor, Ashesi University Foundation, an institution based in Seattle, Washington, USA. Per the legal framework of the University, the Foundation is the sole member of the University which has been registered as a Company Limited by Guarantee. All capital grants received from the Foundation are recognised as contributions by member in the statement of changes in equity.

b) Capital grants from governmental and non-governmental organisations

These are grants received from both governmental and non-governmental organisations for the construction or purchase of assets. Amounts received for capital projects are recognised as deferred income/capital work in progress until the asset is fully developed. Upon completion of the development of the asset or purchase of the asset for which the allocated funds were used, the grant is systematically amortised into the statement of comprehensive income based on the useful life of the related asset.

Capital grants are split into unutilised and utilised grants. Unutilised capital grant relates to funds that have been received from donors but are yet to be used for the capital projects. Utilised capital grant relates to grant that were used for capital projects and are amortised over the useful life of the asset. Utilized capital grants and underlying assets are free from any encumbrances and/or liabilities to the donors.

c) Grants for scholarships and research

Research and scholarship grants are for funding of tuition fees, housing costs, scholarships and research undertaken by the students or the University. Amounts received as scholarship and research grants from external parties apart from Ashesi University Foundation are recognised in deferred income upon receipt of the funds. The amounts are amortised into the statement of comprehensive income based on the tenor of either the student's programme or research project.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Tuition Fees

Rendering of services

Revenue is measured based on the consideration specified in the contract with the University's students. Revenue is recognised over the period of instruction. Tuition fees for which services are yet to be rendered are classified as deferred tuition fees.

Tuition fees are due at the start of an academic period.

Early payment discounts

Students who pay their tuition fees early are offered a discount. The University recognises the discount on the date of payment by the student. Tuition fee recognised is less discount.

Instalment plans

Students are allowed to pay school fees on an instalment basis over the academic period. Students paying on an instalment basis are charged an interest of 2% and interest is recognised as part of other income.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank adjusted for reconciling items 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.

2.12 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.

In addition, the University has a provident fund scheme for all employees who have completed their probation period with the University. The University contributes up to a maximum 5% of employees' 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.

(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.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.12 Employment Benefits (continued)

(iii) Other long-term employee benefit service

The University's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefits are paid by the employer on a pay-as-you-go basis from payroll when the benefits become due. There are no contributions to fund these benefits, thus rendering the scheme totally unfunded.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Benefit Accrual Funding Method, with actuarial valuations being carried out at the end of each reporting period.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and charged to profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

2.13 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using weighted average basis. Cost includes all direct expenses incurred in bringing stocks to their present condition and location. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services.

2.14 Endowment fund

The Scholarship Endowment Fund was established for the provision of general student scholarship by Ashesi. It represents fund held by the University purposely to sponsor indigenes of the Berekuso township who will apply to the institution in future. The endowment is backed by short term investments in foreign mutual funds and treasury bills.

2.15 Revaluation reserve

Revaluations are done at intervals of five (5) years. Valuations are made on the basis of the open market values, which reflects recent prices for similar properties. There was no valuation of assets at 31 July 2022.

NOTES (continued)**3. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The University makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring expected credit losses (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk (SICR) has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The ECL is determined by projecting the PD, LGD and EAD and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Classification of financial assets

The University classifies its non-derivative financial assets with fixed or determinable payments and fixed maturity as either hold to collect or hold to collect and sell. These classifications require significant judgement.

In making the judgement about the classification of financial assets, the company applies the Business model and Solely for Payment of Principal and Interest (SPPI) test to assess the purpose for holding a financial asset.

If the company's objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the financial assets are classified as hold to collect and are generally measured at amortised cost.

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

4 PROPERTY, PLANT & EQUIPMENT**Period ended 31 July 2022**

	Leasehold land	Buildings	Computer & accessories	Furniture, fitting & equipment	Motor vehicles	Plant & machinery	Total
Cost							
At 1 January	1,706,546	39,820,953	1,573,064	4,409,576	643,390	398,733	48,552,262
Transfer	-	-	-	10,339	-	(10,339)	-
Additions	-	477,539	88,347	327,028	-	19,520	912,434
Disposals	-	-	-	(88,143)	-	-	(88,143)
As of 31 July	<u>1,706,546</u>	<u>40,298,492</u>	<u>1,661,411</u>	<u>4,658,800</u>	<u>643,390</u>	<u>407,914</u>	<u>49,376,553</u>
Accumulated Depreciation							
At 1 January	92,131	3,197,281	1,342,589	3,211,171	546,881	85,244	8,475,297
Charge for the period	19,910	487,859	52,355	123,311	32,831	15,305	731,571
Release on disposals	-	-	-	(49,818)	-	-	(49,818)
As of 31 July	<u>112,041</u>	<u>3,685,140</u>	<u>1,394,944</u>	<u>3,284,664</u>	<u>579,712</u>	<u>100,549</u>	<u>9,157,050</u>
Net book amount at 31 July	<u>1,594,505</u>	<u>36,613,352</u>	<u>266,467</u>	<u>1,374,136</u>	<u>63,678</u>	<u>307,365</u>	<u>40,219,503</u>

A lien has been placed on the carrying amount of the Land and Buildings. Refer to Note 18 for details.

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

4 PROPERTY, PLANT & EQUIPMENT

Year ended 31 December 2021

	Leasehold land	Buildings	Computer & accessories	Furniture, fitting & equipment	Library books	Motor vehicles	Plant & machinery	Capital work in progress	Total
Cost									
At 1 January	1,706,546	37,427,294	1,359,032	4,136,104	985,824	643,390	349,810	493,709	47,101,709
Transfer	-	493,709	-	-	-	-	-	(493,709)	-
Additions	-	1,899,950	214,032	273,472	259	-	48,923	-	2,436,636
Write-off	-	-	-	-	(986,083)	-	-	-	(986,083)
As of 31 December	<u>1,706,546</u>	<u>39,820,953</u>	<u>1,573,064</u>	<u>4,409,576</u>	<u>-</u>	<u>643,390</u>	<u>398,733</u>	<u>-</u>	<u>48,552,262</u>
Accumulated Depreciation									
At 1 January	58,001	2,425,077	1,319,427	2,572,000	985,824	460,971	69,533	-	7,890,833
Charge for the year	34,130	772,204	23,162	639,171	259	85,910	15,711	-	1,570,547
Write-off	-	-	-	-	(986,083)	-	-	-	(986,083)
As of 31 December	<u>92,131</u>	<u>3,197,281</u>	<u>1,342,589</u>	<u>3,211,171</u>	<u>-</u>	<u>546,881</u>	<u>85,244</u>	<u>-</u>	<u>8,475,297</u>
Net book amount at 31 December	<u>1,614,415</u>	<u>36,623,672</u>	<u>230,475</u>	<u>1,198,405</u>	<u>-</u>	<u>96,509</u>	<u>313,489</u>	<u>-</u>	<u>40,076,965</u>

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

4 PROPERTY, PLANT & EQUIPMENT**Disposal of property and equipment**

	At July 2022	At December 2021
Cost	88,143	-
Accumulated depreciation	<u>(49,818)</u>	-
Carrying amount	38,325	-
Proceeds from disposal	<u>(73,925)</u>	-
Profit on disposal	<u>(35,600)</u>	-

Revaluation

The following table summarises classes of property, plant and equipment that were revalued by an independent consultant in 2017. Subsequent revaluation will be done at intervals of five (5) years. Valuations are made on the basis of the open market values, which reflects recent prices for similar properties. There was no valuation of assets at 31 July 2022.

	Land & Buildings	Plant & Machinery
Cost of assets revalued	16,644,169	197,878
Accumulated Depreciation	<u>(1,906,152)</u>	<u>(66,680)</u>
Net Book Value	14,738,017	131,198
Revaluation surplus (2017)	<u>9,115,505</u>	<u>140,489</u>
Fair value of assets revalued	<u>23,853,522</u>	<u>271,687</u>

Security

At 31 July 2022, land and buildings with a carrying amount of US\$36,613,352 (December 2021: US\$36,650,763) was subject to a registered debenture that serves as security for a loan acquired from International Finance Corporation (IFC) in 2018. Refer to note 18.

	At July 2022	At December 2021
5 INTANGIBLE ASSETS		
Cost		
At 1 January and 31 December	<u>494,923</u>	<u>494,923</u>
Amortisation		
At 1 January	(479,685)	(462,232)
Charge for the period	<u>(15,238)</u>	<u>(17,453)</u>
At 31 July/31 December	<u>(494,923)</u>	<u>(479,685)</u>
Carrying value	<u>-</u>	<u>15,238</u>

ASHESI UNIVERSITY LBG

Financial statements

for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

6 INVESTMENT SECURITIES**Investment securities**

	At July 2022	At December 2021
Hold-to-collect securities		
Cost		
At 1 January	4,207,495	-
Additions	-	4,545,281
Accrued Interest	11,151	53,853
Maturities	(3,766,395)	(444,141)
Premiums	<u>9,391</u>	<u>52,502</u>
	<u>461,642</u>	<u>4,207,495</u>

Investment securities relate to Corporate Bonds purchased from financial institutions and are held at amortised cost.

7 ENDOWMENT ASSETS

	At July 2022	At December 2021
Treasury Bills	<u>43,555</u>	<u>43,555</u>

8 SHORT TERM INVESTMENTS

Treasury Bills	<u>2,326,194</u>	<u>2,697,639</u>
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9 ACCOUNTS RECEIVABLE

Gross receivables	274,331	336,270
Allowance for doubtful debts	<u>(218,386)</u>	<u>(59,819)</u>
Net receivables	55,945	276,451
Advance payment to contractors	148,267	377,695
Prepayment	12,273	138,778
Other receivables	<u>93,955</u>	<u>144,243</u>
	<u>310,440</u>	<u>937,167</u>

The movement on the impairment losses of tuition fees receivable is as follows:

At 1 January	59,819	19,300
Impairment charge for the period/year	<u>158,567</u>	<u>40,519</u>
At 31 July 2022/31 December 2021	<u>218,386</u>	<u>59,819</u>

ASHESI UNIVERSITY LBG

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for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

	At July 2022	At December 2021
10 INVENTORIES		
Stock	5,265	15,666
Calculators	69,021	69,022
Other consumables	<u>6,369</u>	<u>30,670</u>
	<u>80,655</u>	<u>115,358</u>

In 2022, inventory of US\$ 1,716 was expensed during the period (2021: US\$ 3,389).

11 CASH AND CASH EQUIVALENTS

	At July 2022	At December 2021
Cash on hand	65,781	45,471
Cash at bank	<u>15,630,774</u>	<u>17,201,542</u>
	<u>15,696,555</u>	<u>17,247,013</u>

Cash and cash equivalents include a restricted funds being amounts held on behalf of various donors for specific activities. Refer to note 17.

12 OTHER FINANCIAL ASSETS

	At July 2022	At December 2021
Cost		
At 1 January	2,933,361	2,933,361
Fair value loss on investment – recognized through OCI	<u>(284,886)</u>	<u>-</u>
	<u>2,648,475</u>	<u>2,933,361</u>

Other financial assets relate to investments held by Ashesi University Foundation on behalf of Ashesi University LBG. The reduction of US\$284,886 (31 December 2021: Nil) relates to the loss in value of the investments held on behalf of the University.

13 ACCUMULATED FUND

This represents the residual of cumulative annual surplus. The movement in the Accumulated Fund is shown on page 10. The Accumulated Fund includes an amount of US\$5,294,541 (2021:US\$5,538,720) set aside for asset replacement to enable the University maintain and replace its depreciating assets overtime.

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for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

14 CONTRIBUTIONS BY MEMBER

	At July 2022	At December 2021
At 1 January	17,428,530	16,146,912
Contributions during the period/year	<u>-</u>	<u>1,281,618</u>
At 31 July/31 December	<u>17,428,530</u>	<u>17,428,530</u>

This represents amounts received from Ashesi University Foundation for capital projects. They are not to be repaid by the University. The University is registered as a Company limited by guarantee. It has no share capital and shall not create or issue shares in keeping with section 7(8) of the Companies Act, 2019 (Act 992).

15 ENDOWMENT FUND

	At July 2022	At Decembe 2021
At 1 January and 31 December	<u>43,555</u>	<u>43,555</u>

The Scholarship Endowment Fund was set for the provision of general student scholarship by Ashesi -University with initial donation received locally from the Ashesi Community. Portions of this endowment represents fund held by the University purposely to sponsor indigenes of the Berekuso township who will apply to the institution in future. The endowment is backed by short term investments in treasury bills. Refer to Note 7.

16 OTHER RESERVES

The following table shows a breakdown of the statement of financial position line item 'other reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided in the table.

	Revaluation reserve on buildings, plant and machinery	Financial assets at FVOCI	Employee benefit obligations	Total
<u>Period ended 31 July 2022</u>				
At 1 January 2022	9,255,994	-	-	9,255,994
Other comprehensive income	<u>-</u>	<u>(284,886)</u>	<u>36,811</u>	<u>(248,075)</u>
At 31 July 2022	<u>9,255,994</u>	<u>(284,886)</u>	<u>36,811</u>	<u>9,007,919</u>
<u>Year ended 31 December 2021</u>				
At 1 January 2022	9,255,994	-	-	9,255,994
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>9,255,994</u>	<u>-</u>	<u>-</u>	<u>9,255,994</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

17 DEFERRED INCOME**31 July 2022**

	Opening balance	Additions	Utilisation	Closing balance
Capital grants	4,535,054	-	(215,826)	4,319,228*
Scholarship and research grants	14,624,873	942,628	(6,934,250)	8,633,251*
Deferred tuition fees	<u>1,488,547</u>	<u>1,076,828</u>	<u>(1,488,547)</u>	<u>1,076,828</u>
	<u>20,648,474</u>	<u>2,019,456</u>	<u>(8,638,623)</u>	<u>14,029,307</u>
Current				9,710,079
Non-Current				<u>4,319,228</u>
				<u>14,029,307</u>

31 December 2021

Capital grants	3,696,616	1,235,901	(397,463)	4,535,054*
Scholarship and research grants	13,564,433	9,841,149	(8,780,709)	14,624,873*
Deferred tuition fees	<u>1,084,969</u>	<u>1,488,547</u>	<u>(1,084,969)</u>	<u>1,488,547</u>
	<u>18,346,018</u>	<u>12,565,597</u>	<u>(10,263,141)</u>	<u>20,648,474</u>
Current				16,113,420
Non-Current				<u>4,535,054</u>
				<u>20,648,474</u>

*The unspent funds are held as part of cash and cash equivalents, short and long term investments. Refer to note 6,8,11 and 12.

	At July 2022	At December 2021
Current		
Deferred tuition fees (b)	1,076,828	1,488,547
Unutilised scholarship and research grants (c)	<u>8,633,251</u>	<u>14,624,873</u>
	<u>9,710,079</u>	<u>16,113,420</u>
Non-current		
Capital grants (a)	<u>4,319,228</u>	<u>4,535,054</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

17 DEFERRED INCOME (continued)**Non-current (continued)****(a) Capital grants (continued)**

	At July 2022	At December 2021
ELMA Growth Foundation (i)	2,079,615	2,134,796
US-AID (Capital Projects) (ii)	1,631,229	1,781,978
Others (iii)	<u>608,384</u>	<u>618,280</u>
	<u>4,319,228</u>	<u>4,535,054</u>

(i) ELMA Growth Foundation

At 1 January	2,134,796	2,103,796
Received during the period/year	-	120,000
Utilised during the period/year	<u>(55,181)</u>	<u>(89,000)</u>
At 31 December	<u>2,079,615</u>	<u>2,134,796</u>

ELMA growth foundation is a Not-For-Profit organisation in the United States of America. Grants from this foundation is towards the construction of students' hostel and purchase of engineering equipment. Total receipts during the period were US\$250,000 which was an unrestricted grant during the period.

	At July 2022	At December 2021
(ii) US-AID (Capital Projects)		
Balance at 1 January	1,781,978	1,432,140
Received during the period/year	-	625,153
Utilised during the period/year	<u>(150,749)</u>	<u>(275,315)</u>
	<u>1,631,229</u>	<u>1,781,978</u>
(iii) Others		
Balance at 1 January	618,280	160,680
Received during the period/year	-	490,748
Utilised during the period/year	<u>(9,896)</u>	<u>(33,148)</u>
	<u>608,384</u>	<u>618,280</u>

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for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

17 DEFERRED INCOME (continued)

	At July 2022	At December 2021
(b) Deferred tuition fees		
Balance at 1 January	1,488,547	1,084,969
Tuition fees received in advance	1,076,828	1,488,547
Amount recognised during the period/year	<u>(1,488,547)</u>	<u>(1,084,969)</u>
	<u>1,076,828</u>	<u>1,488,547</u>
(c) Unutilised scholarship and research grants		
MasterCard Foundation Fellowship (i)	7,121,661	12,360,843
Other Donors (ii)	<u>1,511,590</u>	<u>2,264,030</u>
	<u>8,633,251</u>	<u>14,624,873</u>
(i) MasterCard Foundation Fellowship		
Balance at 1 January	12,360,843	12,568,614
Received during the period/year	-	6,369,305
Utilised during the period/year	<u>(5,239,182)</u>	<u>(6,577,076)</u>
	<u>7,121,661</u>	<u>12,360,843</u>
Breakdown of MasterCard Foundation Fellowship scholarship Utilised		
MCF program support	1,520,269	2,420,440
MCF Tuition Fees, Housing and Other Student Support	1,443,013	2,386,048
Impact and Excellence Project	<u>2,275,900</u>	<u>1,770,588</u>
Balance at 31 December	<u>5,239,182</u>	<u>6,577,076</u>

Total amounts utilised during the period include US\$ 1,520,269 (2021: US\$2,420,440) for students recruitment program support, salaries, professional fees and other program support on behalf of Ashesi MCF fellows, US\$1,443,013 (2021: US\$2,386,048) to tuition fees, housing fees and other student support and US\$2,275,900 (2021: 1,770,588) for the Impact and Excellence Project and E-Learning Project. No amounts were received (2021:US\$6,639,305) was also received from the MasterCard Foundation Fellowship to augment the University's tuition discounts and scholarships given to students.

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for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

17 DEFERRED INCOME (continued)**(c) Unutilised scholarship and research grants(continued)**

(ii) Other Donors	At July 2022	At December 2021
At 1 January	2,264,030	995,819
Received during the period/year	942,628	3,471,844
Utilised during the period/year	<u>(1,695,068)</u>	<u>(2,203,633)</u>
At 31 December	<u>1,511,590</u>	<u>2,264,030</u>
Breakdown of utilised funds from Other Donors		
Ashesi University Foundation	610,461	675,272
GCIC (GAC)	637,366	553,921
ETH	210,563	55,872
Others	<u>236,678</u>	<u>918,568</u>
Balance at 31 December	<u>1,695,068</u>	<u>2,203,633</u>

These are funds received from Ashesi University Foundation, ETH Zurich, Aspen Institute, Tullow Ghana Scholarship Fund, Ford Foundation, CAF, Global Affairs Canada (GAC) and other individuals to fund research, other students' projects, support GCIC climate smart businesses as well as entrepreneurs in Ghana.

18 LOANS AND BORROWINGS**31 July
2022**

	Opening balance	Accrued interest	Principal repayment	Interest repayment	Discount on loan	Closing balance
IFC Loan	4,454,434	178,666	(393,750)	(161,205)	-	4,078,145
Ashesi University Foundation	<u>967,091</u>	<u>167,136</u>	<u>(115,385)</u>	<u>(46,846)</u>	<u>-</u>	<u>971,996</u>
	<u>5,421,525</u>	<u>345,802</u>	<u>(509,135)</u>	<u>(208,051)</u>	<u>-</u>	<u>5,050,141</u>
Current						562,848
Non-Current						<u>4,487,293</u>
						<u>5,050,141</u>

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Financial statements

for the seven month period ended 31 July 2022

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

18 LOANS AND BORROWINGS (continued)

31 December 2021

	Opening balance	Accrued interest	Principal repayment	Interest repayment	Discount on loan	Closing balance
IFC Loan	5,256,751	354,472	(787,500)	(369,289)	-	4,454,434
Ashesi University Foundation	<u>1,241,514</u>	<u>31,231</u>	<u>(115,384)</u>	<u>(51,866)</u>	<u>(138,404)</u>	<u>967,091</u>
	<u>6,498,265</u>	<u>385,703</u>	<u>(902,884)</u>	<u>(421,155)</u>	<u>(138,404)</u>	<u>5,421,525</u>
Current						1,304,203
Non-Current						<u>4,117,322</u>
						<u>5,421,525</u>

31 July 2022

	Amount	Payable within 1 year	Payable over 1year
IFC Loan	4,078,145	547,729	3,530,416
Loan from Ashesi Foundation	<u>971,996</u>	<u>15,119</u>	<u>956,877</u>
	<u>5,050,141</u>	<u>562,848</u>	<u>4,487,293</u>

31 December 2021

IFC Loan	4,454,434	1,141,973	3,312,461
Loan from Ashesi Foundation	<u>967,091</u>	<u>162,230</u>	<u>804,860</u>
	<u>5,421,524</u>	<u>1,304,203</u>	<u>4,117,322</u>

IFC Loan

This relates to a loan amount of US\$6,299,980 obtained from the International Finance Corporation (IFC) in 2018 for the construction of a research laboratory, a student housing cluster, a student centre and a sports centre on the University campus. It attracts an interest rate of 5.5% above the 6months LIBOR which is accrued on a day to day basis. Included in repayments of US\$554,955 (2021: US\$1,156,789) is principal amount of US\$393,750 (2021: US\$787,500) and interest of US\$161,205 (2021: US\$369,289). Principal repayment of the loan commenced September 2020 to March 2027. The loan is secured over land and buildings with a carrying value of US\$38,207,857 (2021: US\$36,623,672) which is subject to a registered debenture.

Loan from Ashesi Foundation

This relates to a loan amount of US\$999,988 obtained from the Ashesi University 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. Repayment of the loan commenced April 2017 to April 2030 for the initial loan and from April 2018 to April 2031 for the latter. There is no security on AUF loan.

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

	At July 2022	At December 2021
19 ACCOUNTS PAYABLE		
Suppliers	441,906	719,004
Accrued expenses	39,202	63,712
Statutory payables	228,270	207,703
Other payables	<u>449,510</u>	<u>250,761</u>
	<u>1,158,888</u>	<u>1,241,180</u>

20 EMPLOYEE BENEFIT OBLIGATIONS

The Company's employee benefit obligations for long-service awards under the Company's policy is based on an actuarial valuation at the end of the period as follows:

	At July 2022	At December 2021
<i>Obligation at 1 January</i>	169,958	169,958
<i>Charged to profit or loss:</i>		
Current service cost	31,510	-
Interest cost	2,753	-
Actuarial gain on remeasurement – recognised in other comprehensive income	(36,811)	-
Long service benefits paid	<u>(8,000)</u>	<u>-</u>
Obligation at year end	<u>159,410</u>	<u>169,958</u>

Principal assumptions used

The actuarial assumptions are set out below:

Average inflation rate	8.50%	nil
Discount rate	4.02%	nil
Average increase in salaries	0.00%	nil
Retirement age	60	60
	1983 Unisex Group Annuity Mortality	1983 Unisex Group Annuity Mortality
Mortality	<u>Mortality</u>	<u>Mortality</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

21 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 Income Tax Act, 2015 (Act 896). No tax provision was made for the period as Ashesi University is exempt from income tax.

22 TUITION FEES

	7 month period ended July 2022	Year ended December 2021
Tuition fees	<u>5,084,929</u>	<u>8,643,661</u>

Included in the tuition fees is an amount of US\$1,488,547 (2021: US\$1,084,969) in respect of tuition fees received in advance in previous periods and recognised as deferred income. Refer to note 17 for further details.

23 GRANT INCOME

	7 month period ended July 2022	Year ended December 2021
Capital grants (a)	215,826	397,463
Scholarship, programs and research grants (b)	6,934,250	8,780,709
Unrestricted grants (c)	<u>250,000</u>	<u>250,000</u>
	<u>7,400,076</u>	<u>9,428,172</u>
(a) Capital grants amortised		
Elma Foundation (note 17a (i))	55,181	89,000
US-AID (Capital Projects) (note 17a (ii))	150,749	275,315
Other Donors (note 17a(iii))	<u>9,896</u>	<u>33,148</u>
	<u>215,826</u>	<u>397,463</u>
(b) Scholarship, programs and research utilised		
MasterCard Foundation Fellowship (note17(c) (i))	5,239,182	6,577,076
Other Donors (note 17(c)(ii))	<u>1,695,068</u>	<u>2,203,633</u>
	<u>6,934,250</u>	<u>8,780,709</u>
(c) Unrestricted grants		
ELMA Foundation	<u>250,000</u>	<u>250,000</u>
24 INVESTMENT INCOME		
Interest income on treasury bills and corporate bonds	<u>279,728</u>	<u>572,120</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

25 OTHER INCOME

	7 month period ended July 2022	Year ended December 2021
Student Housing and Admission fees	630,053	765,979
Graduation fees	37,290	20,560
Departmental income	330,064	725,307
Other Income	<u>519,312</u>	<u>136,749</u>
	<u>1,516,719</u>	<u>1,648,595</u>

26 SCHOLARSHIP AWARDS AND DONOR EXPENSES

Scholarship expenses	2,609,055	3,396,461
Other program expenses	4,299,306	5,371,679
Other administrative expenses	<u>25,889</u>	<u>12,569</u>
	<u>6,934,250</u>	<u>8,780,709</u>

A total of US\$ 2,887,867 (2021: US\$ US\$4,818,071) was spent on corporate social responsibility, with key focus on student scholarships, community and entrepreneurship projects.

27 GENERAL AND ADMINISTRATIVE EXPENSES

	7 month Period ended July 2022	Year ended December 2021
Repairs and maintenance	185,648	284,575
Professional fees	94,511	125,389
Marketing, promotions and events	153,762	172,225
Auditor's remuneration	40,000	40,000
Property management expenses	381,680	595,286
Research expenses	23,589	45,337
Telephone and utility expense	359,867	522,826
Postage, printing and subscriptions	380,809	456,347
Exchange loss	590,203	120,864
Other administrative cost	<u>575,143</u>	<u>706,707</u>
	<u>2,785,212</u>	<u>3,069,556</u>

28 SALARIES AND BENEFITS

Wages and salaries	1,424,369	3,159,908
Social security contributions	164,437	270,233
Provident fund contributions	67,059	119,789
Other staff expenses and allowances	<u>849,664</u>	<u>1,131,578</u>
	<u>2,505,529</u>	<u>4,681,508</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

29 DEPRECIATION AND AMORTISATION

	7 month period ended July 2022	Year ended December 2021
Depreciation on property, plant and equipment and right-of-use	731,571	1,570,547
Amortisation of intangible assets	<u>15,238</u>	<u>17,453</u>
	<u>746,809</u>	<u>1,588,000</u>

30 NET FINANCE COSTS

Interest charges on IFC	178,666	354,472
Interest charges on Ashesi University Foundation loan	167,136	31,231
Discount on AUF Loan	-	(138,404)
Realised currency gains	<u>(39,411)</u>	<u>(1,092)</u>
	<u>306,391</u>	<u>246,207</u>

31 RELATED PARTY DISCLOSURES**(a) Transactions**

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

The following transactions were carried out with related parties:

During the period, no grant (2021: US\$1,281,618) was received as grant from Ashesi University Foundation in respect of capital grant.

	7 month period ended July 2022	Year ended December 2021
Key management compensation		
Salaries and other short-term benefits	<u>164,811</u>	<u>415,500</u>
Other transactions		
Investment held by Ashesi University Foundation	<u>-</u>	<u>2,933,361</u>

(b) Outstanding balances due from related party:

Due from Ashesi University Foundation	<u>2,648,475</u>	<u>2,933,361</u>
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(c) Outstanding balances due to related party:

Loan from Ashesi University Foundation (18)	<u>971,996</u>	<u>967,091</u>
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The University does not charge interest on loan advances to senior management. Key management includes the President, the Chief Operating Officer, the Director of Admissions and Financial Aid, the Dean of Students and the Provost.

NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

32 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.

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT (continued)**Exposure to credit risks**

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

	At July 2022	At December 2021
Accounts receivable (excluding prepayments)	140,900	420,694
Other financial assets	2,648,475	2,933,361
Endowment assets	43,555	43,555
Short term investments	2,326,194	2,697,639
Bank balance	<u>15,630,774</u>	<u>17,201,542</u>
	<u>20,789,898</u>	<u>23,296,791</u>

Impairment Losses

Short term investments

The University held short term investments in Government of Ghana treasury bills at the reporting date. While short term investments are subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Bank balance and restricted cash

The University held cash and restricted cash at the reporting date with reputable banks. These banks have no history of default.

Accounts receivable

Receivable from staff and other third parties such as advances to contractors were not considered as impaired as there is no history of default. The following table provides information about the exposure to credit risk and expected credit loss for tuition fee receivables as at 31 December.

	At 31 July 2022			At 31 December 2021		
	0-60 days	61-360 days	Total	0-60 days	61-360 days	Total
Expected loss rate	49.009%	100.00%	79.607%	1.681%	100.00%	13.192%
Gross carrying amount	<u>109,713</u>	<u>164,617</u>	<u>274,330</u>	<u>400,362</u>	<u>53,090</u>	<u>453,452</u>
Loss allowance	<u>53,769</u>	<u>164,617</u>	<u>218,386</u>	<u>6,729</u>	<u>53,090</u>	<u>59,819</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT (continued)**(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.

As at the reporting date, the University held liquid assets of US\$20,679,328 (2021: US\$ 22,878,013) that are expected to readily generate cash flows for managing liquidity risks.

Below are the liquid assets and expected maturity

	At July 2022	Maturity	At December 2021	Maturity
Short term investments	2,326,194	6 months or less	2,697,639	6 months or less
Other financial assets	2,648,475	6 months or less	2,933,361	6 months or less
Cash and cash equivalent	<u>15,696,555</u>	6 months or less	<u>17,247,013</u>	6 months or less
	<u>20,635,773</u>		<u>22,878,013</u>	

The following are contractual maturities of financial liabilities:

Non-derivative financial liabilities

31 July 2022	Carrying Amount	Total	6 months or less	6-12 months	More than 1 year
IFC Loan	4,078,145	4,302,443	572,416	787,500	2,942,527
Loan from Ashesi Foundation	971,996	3,190,702	162,230	-	3,028,472
Accounts payable**	<u>930,618</u>	<u>930,618</u>	<u>930,618</u>	-	-
	<u>5,980,759</u>	<u>8,423,763</u>	<u>1,665,264</u>	<u>787,500</u>	<u>5,970,999</u>
31 December 2021	Carrying Amount	Total	6 months or less	6-12 months	More than 1 year
IFC Loan	4,454,434	7,481,250	547,627	535,280	6,398,343
Loan from Ashesi Foundation	967,091	3,057,692	157,190	-	2,900,502
Accounts payable**	<u>1,203,435</u>	<u>1,203,435</u>	<u>1,203,435</u>	-	-
	<u>6,624,960</u>	<u>11,742,377</u>	<u>1,908,252</u>	<u>535,280</u>	<u>9,298,845</u>

** This excludes statutory payables.

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT (continued)**(e) Market Risk**

Market rate risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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 optimising 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 indexes financial planning/budget in US dollars and holding liquid assets in same currency and do conversion to cedi based on need, and this helps the university to effectively manage currency risk. As much as possible, the University operates only these two currencies – the US\$ and GH¢.

The University's exposure to foreign currency risk was as follows:	At July 2022 GH¢	At December 2021 GH¢
Assets		
Cash and bank balances	8,004,578	11,713,683
Accounts receivable	2,325,703	4,741,149
Short term investments (Treasury bills)	<u>17,031,807</u>	<u>16,202,290</u>
	27,362,088	32,657,122
Liabilities		
Accounts payable	<u>(5,976,992)</u>	<u>(7,830,209)</u>
Net exposure	<u>21,385,096</u>	<u>24,826,913</u>

The following significant exchange rates applied during the period:

	Average rate		Reporting At	
	At July 2022	At December 2021	At July 2022	December 2021
GH¢ 1				
(ii) Sensitivity Analysis on Currency Risks	<u>0.1600</u>	<u>0.1549</u>	<u>0.1282</u>	<u>0.1709</u>

The table below shows the effect of a strengthening or weakening of US\$ against the GH¢ on the University's statement of comprehensive income. This sensitivity analysis indicates the potential impact on the statement of comprehensive income 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.

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT (continued)**(e) Market Risk (continued)**

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 period.

A strengthening/weakening of the US\$, by the rates shown in the table, against the following currencies at 31 December would have increased/decreased surplus and equity by the amounts shown below:

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

	At July 2022		At December 2021	
	Surplus/ Accumulated fund Impact Strengthening	Surplus/ Accumulated fund Impact Weakening	Surplus/ Accumulated fund Impact Strengthening	Surplus/ Accumulated fund Impact Weakening
%Change				
2022 (±3%): 2021 (±3%)	<u>240,137</u>	<u>240,137</u>	<u>421,937</u>	<u>421,937</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. The University's exposure to the risk of changes in market interest rates relates primarily to the University's long-term debt obligations with IFC.

The University manage interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Standard scenario that are considered on a monthly basis include a 100 basis point (bp) parallel fall or rise in the market interest rate. A change of a 100 basis point in the interest rate at the reporting rate would have impacted equity and profit or loss by the amounts shown below:

	Carrying amounts			
	At July 2022		At December 2021	
	Surplus/ Accumulated fund Impact Strengthening	Surplus/ Accumulated fund Impact Weakening	Surplus/ Accumulated fund Impact Strengthening	Surplus/ Accumulated fund Impact Weakening
Loans and Borrowings	<u>2,060</u>	<u>2,060</u>	<u>3,857</u>	<u>3,857</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT (continued)

(f) Accounting classification and fair values

Fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the University determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

The University measures fair values using the following fair value hierarchy, which reflects the significance of inputs used in making the measurements.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the University is the current bid price. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (e.g., over-the-counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT (continued)**(f) Accounting classification and fair values (continued)**

Financial instruments not measured at fair value.

The following table sets out the fair values of financial instruments not measured at fair value in the statement of financial position, analysed by reference to levels in the fair value hierarchy into which each fair value measurement is categorised:

At 31 July 2022

	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets at amortised cost					
Short term investments	-	2,326,194	-	2,326,194	2,326,194
Other financial assets	-	2,648,475	-	2,648,475	2,648,475
Accounts receivable	-	-	149,900	149,900	149,900
Cash and bank	<u>15,630,774</u>	<u>-</u>	<u>-</u>	<u>15,630,774</u>	<u>15,630,774</u>
	<u>15,630,774</u>	<u>4,974,669</u>	<u>149,900</u>	<u>20,755,343</u>	<u>20,755,343</u>
Other financial liabilities					
Accounts payable	-	-	1,158,888	1,158,888	1,158,888
Loans and borrowings	<u>-</u>	<u>5,050,141</u>	<u>-</u>	<u>7,817,754</u>	<u>5,050,141</u>
	<u>-</u>	<u>5,050,141</u>	<u>1,158,888</u>	<u>8,976,642</u>	<u>6,209,029</u>

At 31 December 2021

	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets at amortised cost					
Short term investments	-	2,697,639	-	2,697,639	2,697,639
Other financial assets	-	2,933,361	-	2,933,361	2,933,361
Accounts receivable	-	-	420,694	420,694	420,694
Cash and bank	<u>17,247,013</u>	<u>-</u>	<u>-</u>	<u>17,247,013</u>	<u>17,247,013</u>
	<u>17,247,013</u>	<u>5,631,000</u>	<u>420,694</u>	<u>20,755,343</u>	<u>23,298,707</u>
Other financial liabilities					
Accounts payable	-	-	1,241,180	1,241,180	1,241,180
Loans and borrowings	<u>-</u>	<u>7,237,784</u>	<u>-</u>	<u>7,237,784</u>	<u>5,421,525</u>
	<u>-</u>	<u>7,237,784</u>	<u>1,241,180</u>	<u>8,478,964</u>	<u>6,662,705</u>

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NOTES (continued)

(All amounts are in US dollars unless otherwise stated)

33 SUBSEQUENT EVENTS

There were no significant events after the reporting date that need to be adjusted or disclosed in the financial statements.

34 CONTINGENCIES

There was no legal case pending against the University at the period end (31 December 2021: NIL).

35 CAPITAL COMMITMENTS

Capital commitments as at 31 July 2022 amounted to US\$2,414,381 (31 December 2021: US\$ 2,507,533).

36 EXCHANGE CONTROL

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

CORPORATE SOCIAL RESPONSIBILITIES REPORT – APPENDIX 1

Ashesi's mission to educate a new generation of ethical and entrepreneurial African leaders equipped with critical thinking skills, concern for others, and courage is not only transformational but also intrinsically charitable. Ashesi University is by nature and impact an independent public benefit education institution operating on a not-for-profit basis. Its focus on public benefit is undergirded by a vision of enabling an African renaissance driven by a new generation of ethical, entrepreneurial leaders.

This statement therefore provides a summary of Ashesi's impact and progress in realising strategic priorities and building institutional momentum while advancing sustainability across the University and beyond. The University's achievements in promoting sustainable quality higher across the continent of Africa during the period under review, are illustrated more explicitly in the separate Annual Sustainability Monitoring Report (AMR) Report 2022 which reports that most of the improvement plans for the key environmental management challenges identified in 2021 have been implemented or are on-going.

Education and scholarship

In spite of the currently volatile global economy, Ashesi continues to advance our goal of promoting quality higher education across the continent). Key among the University's efforts to achieve this is an Education Collaborative that seeks to create a network of higher education excellence centres across Africa. The Collaborative network envisages transforming learning outcomes for at least 1.1 million students by 2030 through 140 member universities, to empower ethical, entrepreneurial leaders who create jobs, transform industries, and lead economies. The Collaborative believes that this can be achieved by sharing effective learning experiences and knowledge across all member institutions to strengthen and impact education transformation in Africa. Ashesi has catalysed approximately \$3 million in this initiative as close of July 2022 and plans to power this seminal initiative to success by increasing its allocation for the next 10 years.

As part of this effort, Ashesi is also leading a consortium that is seeking to create a new university ranking system in Africa. The ranking, which will be independently deployed by Times Higher Education, looks to establish a new set of metrics for universities in Africa to gauge their quality and effectiveness.

Ashesi also continues to expand access to students and grow its programmes and curricula. Notwithstanding the recent global pandemic and economic outlook, student enrolment rose by nearly 7%, with the University also welcoming a pioneer cohort of graduate students to a new Mechatronic Engineering master's programme. 47% of enrolled students were women, and 28 countries were represented across all classes. Environmental sustainability and community development initiatives also saw reasonable improvement in 2022.

Summary of charitable giving:

	Period ended 31 July 2022	At 31 December 2021
Tuition and housing support	2,609,056	4,287,308
Community and Young Entrepreneurship projects	244,606	514,190
COVID 19 Interventions (Health & Community Supports)	<u>34,205</u>	<u>16,572</u>
	<u>2,887,867</u>	<u>4,818,070</u>

CORPORATE SOCIAL RESPONSIBILITIES REPORT – APPENDIX 1 (CONTINUED)

Research & Innovation

During the period under review, Ashesi also strengthened its efforts in research and innovation, deploying more resources to support faculty, staff and students engaged in these activities. The University initiated a new partnership with the London School of Hygiene and Tropical Medicine to conduct more research into stemming non-communicable diseases in Ghana and Africa; and also made commitments to a new University Health Alliance – spanning seven other institutions – that would be focused on developing talent, technology and innovation, and entrepreneurs in support of the healthcare sector in Africa.

Faculty engaged in wide spanning research efforts as well, an example being two faculty who have deployed resources to help software developers build applications in local Ghanaian languages, Twi and Ga. The new resources will enable developers to build tools that reach more non-English speakers in Ghana and could be significant for many sectors – especially financial services.

The University has also engaged in work to build a new, accessible e-learning platform that could enable more students access high quality teaching content from Ashesi. The website is expected to launch in 2023 and could be a significant catalyst for student learning in Africa if successful.

Environment and sustainability

Awards for achievements towards UN SDGs.

The 2022 edition of the [Times Higher Education \(THE\) Impact Rankings](#), based on universities' contributions toward the UN's Sustainable Development Goals (SDGs), has ranked Ashesi first in Ghana. Ashesi was also ranked seventh in Africa and among the world's top 300 most impactful universities. The Impact Rankings, started in 2019, are based on more than [100 metrics and over 200 measurements](#) covering teaching, research, and community outreach; and highlight how universities are moving the world towards the achievement of the 17 SDGs.

1,524 institutions were ranked in the 2022 Impact Rankings globally, reflecting the growing importance of the SDGs. Ashesi University, and the Kwame Nkrumah University of Science and Technology - ranked second in Ghana and eighth in Africa - are the only Ghanaian universities in the continent's top 10 and are also the only Ghanaian universities in the world's top 300.

Ashesi received the strongest ratings in contributions to the SDG 1 Goal of No Poverty - ranking 34th globally - based on the University's strong focus on enabling access to students from low-income backgrounds and providing resources and support for their success, as well as research into poverty reduction. Ashesi also received strong ratings in contributions to SDG 5 (Gender Equality) where it ranked in the world's top 200; SDG7 (Affordable and Clean Energy), where it ranked 88th globally; and SDG 17 (Partnership for the Goals) where it ranked in the world's top 300.

REPORT ON THE USE OF MEMBER FUNDS– APPENDIX 2

(All amounts are in US dollars unless otherwise stated)

	7 month Period ended 31 July 2022
Total Receipts	-
Expenditure incurred	<u>(610,461)</u>
Net amount used during the period	<u>(610,461)</u>

The amounts utilised are allocated per program as follows:

CAF Scholarship	37,239
General Scholarship	1,067
Women in Engineering	6,326
Africa Female Muslim	21,921
Kofi Tawiah	19,400
Jacobson	62,522
Scholars for Impact	148,846
Scholars for Impact (KDEF & SHOFCO) - 2	2,966
Jim Ovia	152,334
Mary Sherman	5,111
Faculty and PhD Support	25,888
Archer Cornfield	26,700
Diive Summer	12,976
College of Wooster	16,684
Allan and Gill Gray	<u>70,481</u>
	<u>610,461</u>

All the amounts allocated were towards tuition, scholarship and research expenses for students. The funds allocated to the University by the Foundation were used for their allocated purposes.