

ASHESI UNIVERSITY COLLEGE

ANNUAL REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2019

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31 DECEMBER 2019

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ASHESI UNIVERSITY COLLEGE
CORPORATE INFORMATION

BOARD OF DIRECTORS

Patrick Awuah (President)
Pearl Esua-Mensah (Chairperson)
Charles Cofie
Patrick Nutor
Tamar Di Franco
Yawa Hansen-Quao
Harriette Amissah-Arthur
Mona Boyd
Sangu Delle

SOLICITORS

Bannerman-Richter Law offices
AB Executive and Law office
D583/4 SO, Liberia Road
P O Box MB 219
Accra

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

REGISTERED OFFICE

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

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive, Abelenkpe
P. O. Box GP242
Accra

BANKERS

Ecobank Ghana Limited
Guaranty Trust Bank Ghana Limited
Zenith Bank Ghana Limited

REPORT OF THE DIRECTORS TO THE MEMBERS OF ASHESI UNIVERSITY COLLEGE

The directors present their report and the financial statements of the University for the year ended 31 December 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of the financial statements, that give a true and fair view of Ashesi University College comprising the statement of financial position at 31 December 2019, and the statements of comprehensive income, changes in equity and of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2019, (Act 992). In addition, the directors are responsible for the preparation of the directors' report.

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

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

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

NATURE OF BUSINESS

The principal activity of the University is educating students from diverse cultures to achieve excellence in their intellectual and personal development.

There has been no change in the nature of business of the University during the year under review.

HOLDING COMPANY

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

FINANCIAL STATEMENTS REVIEW

The state of affairs of the University is as follows:

	2019 US\$	2018 US\$
Income from:		
Tuition fee	8,903,655	7,194,259
Grants	7,518,266	7,436,160
Total assets	51,938,591	50,551,674
Total liabilities	31,363,455	53,118,599
Total equity	20,575,136	17,598,036

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

**REPORT OF THE DIRECTORS TO THE MEMBERS OF
ASHESI UNIVERSITY COLLEGE
(CONT'D)**

PARTICULARS OF ENTRIES IN THE INTERESTS REGISTER DURING THE FINANCIAL YEAR

The University did not maintain an Interests Register because no director had interest in any contract.

CORPORATE SOCIAL RESPONSIBILITY

A total of US\$ 6,179,772 was spent on corporate social responsibility, with key focus on student scholarships, community and entrepreneurship projects.

Corporate social responsibilities activities can be found 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 year, ensure that Directors continually update their skills, knowledge and familiarity with the University's businesses. This further provides insights about the industry and other developments to enable them effectively to fulfil their role on the Board and committees of the Board.

AUDIT FEES

The audit fee for the year is US\$ 32,900.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Ashesi University College as indicated above were approved by the Board of Directors on 26 August, 2020 and signed on their behalf by:



.....
DIRECTOR

.....
PATRICK G. AWUAH JR

NAME



.....
DIRECTOR

.....
PATRICK K. NUTOR

NAME

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ashesi University College ("the University"), which comprise the statement of financial position at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 - 49.

In our opinion, these financial statements give a true and fair view of the financial position of Ashesi University College at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2019, (Act 992).

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report as required by the Companies Act 2019, (Act 992) and Corporate Information but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The University's 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 controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

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

Responsibilities of the Directors for the Financial Statements (continued)

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 has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 137 of the Companies Act 2019, (Act 992) of Ghana.

We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept, so far as appears from our examination of those books.

The statements of financial position and statement of comprehensive income are in agreement with the accounting records and returns.

We are independent of the University under audit pursuant to Section 143 of the Companies Act, 2019 (Act 992).

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

.....
For and on behalf of:
KPMG: (ICAG/F/2020/038)
CHARTERED ACCOUNTANTS
13 YIYIWA DRIVE, ABELINKPE
P. O. BOX GP 242
ACCRA

26 August, 2020

ASHESI UNIVERSITY COLLEGE
STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$
ASSETS			
Property, plant and equipment	26	39,830,944	37,320,405
Intangible assets	27	<u>116,008</u>	<u>199,325</u>
Non-current assets		<u>39,946,952</u>	<u>37,519,730</u>
Short term investments	15	2,030,473	1,349,465
Accounts receivable	16	719,424	1,986,692
Amount due from related party	17	29,700	-
Inventories	18	30,953	32,326
Restricted cash	30	1,200,000	1,200,000
Cash and bank	19	<u>7,981,089</u>	<u>8,463,461</u>
Current assets		<u>11,991,639</u>	<u>13,031,944</u>
Total assets		<u>51,938,591</u>	<u>50,551,674</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated fund		11,319,142	8,342,042
Revaluation reserve		<u>9,255,994</u>	<u>9,255,994</u>
Total equity		<u>20,575,136</u>	<u>17,598,036</u>
Loans and borrowings	24	6,535,116	7,098,538
Capital grant	22	<u>17,826,275</u>	<u>17,495,181</u>
Non-current liabilities		<u>24,361,391</u>	<u>24,593,719</u>
Loans and borrowings	24	717,467	881,897
Accounts Payable	20	593,109	794,439
Deferred tuition fees	21	1,160,199	1,061,403
Capital grants	22	628,043	600,119
Sponsored scholarship and research grant	23	<u>3,903,246</u>	<u>5,022,061</u>
Current liabilities		<u>7,002,064</u>	<u>8,359,919</u>
Total liabilities		<u>31,363,455</u>	<u>32,953,638</u>
Total equity and liabilities		<u>51,938,591</u>	<u>50,551,674</u>



.....
DIRECTOR



.....
DIRECTOR

The financial statements were approved by the Board of Directors on 26 August, 2020
Notes on pages 12 - 49 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$
Tuition fees	7	8,903,655	7,194,259
Grant released	9	<u>7,518,266</u>	<u>7,436,160</u>
Total revenue		<u>16,421,921</u>	<u>14,630,419</u>
Other income	8	<u>2,221,892</u>	<u>1,914,683</u>
Total income		<u>18,643,813</u>	<u>16,545,102</u>
Scholarship award	10	(5,363,453)	(4,940,936)
Administrative and general expenses	11	(4,734,321)	(3,692,494)
Salaries and benefits	13	(3,765,788)	(3,692,036)
Depreciation and amortization	12	(1,601,675)	(1,361,323)
Impairment loss on financial assets	29(c)	<u>(2,500)</u>	<u>(32,999)</u>
Total expenses		(15,467,737)	(13,719,788)
Net finance cost	14	<u>(198,976)</u>	<u>(258,389)</u>
Surplus for the year		<u>2,977,100</u>	<u>2,566,925</u>
Other comprehensive income		=	=
Total Comprehensive Income		<u>2,977,100</u>	<u>2,566,925</u>

Notes on pages 12 - 49 are an integral part of these financial statements

ASHESI UNIVERSITY COLLEGE
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Revaluation reserve US\$	Accumulated fund US\$	Total US\$
31 December 2019			
Balance at 1 January	9,255,994	8,342,042	17,598,036
<i>Total comprehensive income</i>			
Surplus for the year	-	2,977,100	2,977,100
Surplus on revaluation	=	=	=
Total comprehensive income	=	<u>2,977,100</u>	<u>2,977,100</u>
Balance at 31 December	<u>9,255,994</u>	<u>11,319,142</u>	<u>20,575,136</u>
31 December 2018			
Balance at 1 January	9,255,994	5,775,117	15,031,111
<i>Total comprehensive income</i>			
Surplus for the year	-	2,566,925	2,566,925
Surplus on revaluation	=	=	=
Total comprehensive income	=	<u>2,566,925</u>	<u>2,566,925</u>
Balance at 31 December	<u>9,255,994</u>	<u>8,342,042</u>	<u>17,598,036</u>

The notes on pages 12 - 49 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 US\$	2018 US\$
Cash flows from operating activities			
Surplus for the year		2,977,100	2,566,925
Adjustments for:			
Depreciation	12	1,518,358	1,292,310
Amortisation	12	83,317	69,013
Amortisation of grants	24(c)	(7,544,753)	(7,436,160)
Interest income	14	(327,138)	(157,527)
Interest Expense	14	526,114	415,915
Impairment loss on financial assets		2,500	32,999
Unrealised exchange difference		<u>6,553</u>	<u>84,177</u>
		<u>(2,757,949)</u>	<u>(3,132,348)</u>
Changes in:			
Accounts receivable		1,620,496	666,519
Amount due from related party	17	(29,700)	-
Inventories	18	1,373	6,781
Restricted cash	30	-	(1,200,000)
Accounts payable	20	(201,330)	(121,298)
Deferred tuition fees	21	98,796	349,420
Cash used in operations		(1,268,314)	(3,430,926)
Interest paid		<u>(536,498)</u>	<u>(241,485)</u>
Net cash used in operating activities		<u>(1,804,812)</u>	<u>(3,672,411)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	26	(4,383,540)	(8,926,607)
Purchase of intangible assets	27	-	(104,709)
Interest received		282,743	139,410
Purchase of investments		(853,224)	(457,200)
Net cash used in investing activities		<u>(4,954,021)</u>	<u>(9,349,106)</u>
Cash flows from financing activities			
Grants received from Ashesi Foundation and others	24(c)	987,061	3,528,511
Grants received for sponsored scholarship and research	24(c)	5,797,895	6,079,917
Proceeds from borrowing	24(c)	-	6,299,980
Repayment of borrowings	24(c)	<u>(717,468)</u>	<u>(532,052)</u>
Net cash from financing activities		<u>6,067,488</u>	<u>15,376,356</u>
Net (decrease)/increase in cash and cash equivalents		(691,345)	2,354,839
Cash and cash equivalents at 1 January		9,812,926	7,542,264
Effect of exchange rate fluctuations on cash held		<u>(6,553)</u>	<u>(84,177)</u>
Cash and cash equivalents at 31 December	19	<u>9,115,028</u>	<u>9,812,926</u>

The notes on pages 12 - 49 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Ashesi University College is a University domiciled in Ghana. The University's registered office is at No. 1 University Avenue, Berekuso. The University is sponsored by Ashesi Foundation, a Not-For-Profit organisation registered in Washington, Seattle, United States of America.

The University is primarily involved in educating students from diverse cultures to achieve excellence in their intellectual and personal development. The financial statements are the individual financial statements of Ashesi University College.

The address of the University's registered office and principal place of business can be found on page 2 of the annual report.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB). Additional information required under the Companies Act 2019, (Act 992) have been included where appropriate.

The University was in compliance with the requirements of the Companies Act, 1973 (Act 179) until it was replaced with a new Companies Act, 2019 (Act 992) on 2 August 2019.

This is the first set of the University's annual financial statements in which IFRS 16 Leases has been applied. The application of this new accounting standard resulted in changes to accounting policies which are described in Note 3.3.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in United States Dollars (USD) which is the University's functional currency. All financial information presented in United States Dollars.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgement

In preparing these financial statements, management has made judgments, 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.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 4 – determination of fair values.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

The University applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below:

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the University. The University has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 16 Leases

The University applied IFRS 16 using the modified retrospective approach under which the measurement option for right-of-use (RoU) assets was based on lease liabilities adjusted for prepayments and accrued payments. Due to the application of this option, the RoU asset at 1 January 2019 was equal to the lease liabilities adjusted by the amount of any prepaid and accrued lease payments, hence no impact on retained earnings was recorded. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the University are the lessor.

Definition of a lease

Previously, the University determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The University now assess whether a contract is or contains a lease based on the definition of a lease as explained in Note 5c.

On transition to IFRS 16, the University elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The University applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

As a lessee

As a lessee, the University leases parcel of lands. The University previously classified these leases as finance lease and included it in property, plant and equipment under IAS 16. Under IFRS 16, the University continues to recognise right-of-use assets as on-balance sheet.

On transition, right-of-use assets are measured at an amount equal to the carrying amount of finance lease asset.

As a lessee, the University did not have any lease or contract that were identified as operating lease under IAS 17 and IFRIC 4.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the University's financial statements are disclosed below. The University intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Those that are relevant to the University's financial statements are outlined below:

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

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the University's consolidated and separate financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB revised the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. It is not expected that this will impact the University significantly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

All financial assets and liabilities are recognised in the statements of financial position and measured in accordance with their assigned category.

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

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

Classification and subsequent measurement

- *Financial assets*

On initial recognition, a financial asset is classified as measured at amortized cost,;

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated 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 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 makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

Financial assets - Business model assessment (continued)

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

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

- *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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

- *Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest (continued)*

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.

- *Financial assets - Subsequent measurement and gains and loss*

Financial assets at amortised cost

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

- *Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost. These financial liabilities comprise trade and other payables, loans and borrowings, bank overdrafts and due to related parties. These liabilities are recognized 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.

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.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

• *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.

(b) 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 trade receivables are always measured at an amount equal to lifetime ECLs.

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

The University assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment (continued)

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

Presentation of allowance for ECL in the statement of financial position

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

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 TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Impairment (continued)

Non-financial assets

At each reporting date, the Company 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.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Leases

Policy applicable before 1 January 2019

- *Leased assets*

Assets held by the University under leases that transfer to the University substantially all the risks and rewards of ownership of the underlying asset are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases and are not recognized in the University's statement of financial position.

- *Lease payments*

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and a reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Policy applicable from 1 January 2019

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 2019.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Lease (continued)

Policy applicable from 1 January 2019 (continued)

- *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 shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and leasehold properties	2 to 50 years
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If ownership of the leased asset transfers to the University at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment, if any, and adjusted for certain remeasurements of the lease liability. Refer to the accounting policies in section 3.2.(b) Impairment of non-financial assets.

- *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 and lease liabilities separately in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) *Recognition and measurement*

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

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

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

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

(ii) *Subsequent expenditure*

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

(iii) *Depreciation*

Depreciation is calculated to write off the gross value of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the University will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Leasehold Land and Building	-	over the shorter of lease period and 50 years
Equipment	-	5 years
Furniture and Fittings	-	5 years
Motor Vehicle	-	5 years
Library Books	-	3 years
Plant and Machinery	-	10-20 years

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible Assets

(i) Computer Software

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

(ii) Subsequent expenditure

Subsequent expenditure on software is capitalized only when it 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 recognized in profit or loss

The estimated useful life is as follows:

Computer Software	-	3 years
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(f) Finance income and finance costs

Finance income comprises interest income on funds invested in held to maturity financial assets. Interest income is recognized as it accrues in income statement, using the effective interest method.

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

(g) Grants

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

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

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

(h) Tuition Fees

Tuition fees are measured based on the consideration specified in the contract with the University's students. The University recognizes revenue when it renders a service.

The following provides information about the timing of the satisfaction of performance obligations in the contract with customers, including significant payment terms, and the related revenue recognition policies.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Tuition Fees (continued)

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

- Revenue recognition under IFRS 15

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

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

(i) Cash and Cash Equivalent

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments with maturities of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(j) Employment Benefits

(i) *Defined Contribution Plans*

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

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

(ii) *Short-term employee benefits*

Short-term employee benefits obligations are measured on undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the University has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employment Benefits (continued)

(iii) *Provident fund*

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.

(k) Provisions

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

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

(l) Related parties

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

- the party has the ability, directly or indirectly through one or more intermediaries, to control the University or exercise significant influence over the University in making financial and operating policy decisions, or has joint control over the University;
- the University and the party are subject to common control;
- the party is an associate of the University or a joint venture in which the University is a venture;
- the party is a member of key management personnel of the University or the University's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- the party is a post-employment benefit plan, which is for the benefit of employees of the University or of any entity that is a related party of the University; or
- close family members of an individual are those family members who may be expected to influence or be influenced by that individual in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Inventories

Inventory is measured at cost. Inventories relates to office consumables.

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

6. DETERMINATION OF FAIR VALUES

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

(a) Accounts receivable

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

(b) Cash and cash equivalents

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

(c) Non-derivative financial liabilities

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

7. TUITION FEES

	2019	2018
	US\$	US\$
Tuition fees	8,903,655	7,194,259
	<u>8,903,655</u>	<u>7,194,259</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER INCOME

	2019	2018
	US\$	US\$
Student Housing and Admission fees	1,209,865	962,188
Graduation fees	28,869	22,646
Bad debts recovered	3,555	40,864
Departmental income	685,246	663,629
Rent income and technical support fee from GCIC*	215,749	195,664
Insurance received	82,199	-
Exchange gain	=	29,692
	<u>2,225,483</u>	<u>1,914,683</u>

* Ghana Climate Innovation Centre

9. GRANT RELEASED TO INCOME STATEMENT

	2019	2018
	US\$	US\$
Capital Grant (a)	628,043	600,119
Other Program Support	1,443,772	1,865,275
MCF Program support	743,426	513,125
MCF Tuition Fees, Housing and Medical Insurance Support	<u>4,703,025</u>	<u>4,457,641</u>
	<u>7,518,266</u>	<u>7,436,160</u>

(a) Capital Grant

	2019	2018
	US\$	US\$
Ashesi Foundation	511,318	523,442
Elma Foundation	94,000	74,000
Other Donors	<u>22,725</u>	<u>2,677</u>
	<u>628,043</u>	<u>600,119</u>

10. SCHOLARSHIP AWARD

	2019	2018
	US\$	US\$
Tuition Grant	1,050,539	1,040,956
Housing Grant	98,998	45,339
MCF Tuition Fees, Housing and Other Student Support	3,553,980	3,382,222
Tuition and housing grant – Others	<u>659,936</u>	<u>472,419</u>
	<u>5,363,453</u>	<u>4,940,936</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. ADMINISTRATIVE AND GENERAL EXPENSES

	2019	2018
	US\$	US\$
Repairs and maintenance	295,652	246,740
Professional fees	132,442	185,136
MCF program expenses	743,426	513,125
Marketing, promotions and events	371,528	330,430
Auditors' remuneration	32,900	32,900
Property management expenses	683,008	498,407
Research expenses	816,317	366,039
Other administrative cost	1,652,495	1,519,717
Exchange loss	6,553	=
	<u>4,734,321</u>	<u>3,692,494</u>

12. DEPRECIATION AND AMORTISATION

	2019	2018
	US\$	US\$
Depreciation on property, plant and equipment and right-of-use assets	1,518,358	1,292,310
Amortisation of intangible assets	<u>83,317</u>	<u>69,013</u>
	<u>1,601,675</u>	<u>1,361,323</u>

13. SALARIES AND BENEFITS

	2019	2018
	US\$	US\$
Wages and salaries	2,662,917	2,498,113
Social security contributions	253,392	230,392
Contributions to defined contribution plans - provident fund	117,586	103,957
Other staff expenses and allowances	<u>731,893</u>	<u>859,574</u>
	<u>3,765,788</u>	<u>3,692,036</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. NET FINANCE COST

	2019	2018
	US\$	US\$
Interest income on treasury bills and fixed deposits	327,138	157,526
Interest charged on IFC and Ashesi loan	<u>(526,114)</u>	<u>(415,915)</u>
	<u>(198,976)</u>	<u>(258,389)</u>

15. SHORT TERM INVESTMENTS

	2019	2018
	US\$	US\$
Treasury Bills	2,030,473	1,349,465
	<u>2,030,473</u>	<u>1,349,465</u>

An amount of US\$ 28,055 is held in trust for Ashesi Fund and as a result the amount has not been included in the books of the University.

16. ACCOUNTS RECEIVABLE

	2019	2018
	US\$	US\$
Tuition fees receivable	100,348	24,379
Staff loans	72,672	73,016
Advance Payment to Contractors	393,780	1,815,118
Prepayment	<u>152,624</u>	<u>74,179</u>
	<u>719,424</u>	<u>1,986,692</u>

The maximum amount due from officers of the University during the year amounted to US\$ 72,672 (2018: US\$ 73,016).

17. AMOUNT DUE FROM RELATED PARTY

	2019	2018
	US\$	US\$
Amount due from related party-GCIC	<u>29,700</u>	=
	<u>29,700</u>	=

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. INVENTORIES

	2019	2018
	US\$	US\$
TI-84 Plus Graphing Calculators	10,245	13,262
Other consumables	<u>20,708</u>	<u>19,064</u>
	<u>30,953</u>	<u>32,326</u>

19. CASH AND CASH EQUIVALENTS

	2019	2018
	US\$	US\$
Cash on hand	1,235	922
Cash at bank	<u>7,979,854</u>	<u>8,462,539</u>
Cash and bank in the statement of financial position	<u>7,981,089</u>	<u>8,463,461</u>
91 Day Treasury Bills	<u>1,133,939</u>	<u>1,349,465</u>
Cash and cash equivalents in the statement of cash flows	<u>9,115,028</u>	<u>9,812,926</u>

20. ACCOUNTS PAYABLE

	2019	2018
	US\$	US\$
Suppliers	309,448	436,448
Accrued expenses	141,606	79,785
Statutory payables	83,864	210,028
Other payables	<u>58,191</u>	<u>68,178</u>
	<u>593,109</u>	<u>794,439</u>

21. DEFERRED TUITION FEES

	2019	2018
	US\$	US\$
Balance at 1 January	1,061,403	711,983
Amount deferred	1,160,199	1,061,403
Amount released	<u>(1,061,403)</u>	<u>(711,983)</u>
Balance at 31 December	<u>1,160,199</u>	<u>1,061,403</u>

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

22. CAPITAL GRANTS

	2019	2018
	US\$	US\$
Ashesi University Foundation (i)	16,019,961	15,904,218
ELMA Growth Foundation (ii)	2,265,296	2,009,296
Others (iii)	<u>169,061</u>	<u>181,786</u>
	<u>18,454,318</u>	<u>18,095,300</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(a) CAPITAL GRANTS (CONTINUED)

Breakdown of grant

	2019 US\$	2018 US\$
Grants available after one year	17,826,275	17,495,181
Grants available within one year	<u>628,043</u>	<u>600,119</u>
Balance at 31 December	<u>18,454,318</u>	<u>18,095,300</u>

(i) Ashesi University Foundation

	2019 US\$	2018 US\$
Balance at 1 January	15,904,218	15,056,786
Received during the year	627,061	2,696,135
Amount amortized during the year	<u>(511,318)</u>	<u>(1,848,703)</u>
Balance at 31 December	<u>16,019,961</u>	<u>15,904,218</u>

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

During the year ended December 31, 2019, US\$ 627,061 (2018:US\$ 2,696,135) in funds were provided by Ashesi University Foundation to Ashesi University College, as capital grants. The University utilized all grant amounts received in accordance with the restriction applicable.

(ii) ELMA Growth Foundation

	2019 US\$	2018 US\$
Balance at 1 January	2,009,296	1,183,296
Received during the year	350,000	900,000
Amount amortized during the year	<u>(94,000)</u>	<u>(74,000)</u>
Balance at 31 December	<u>2,265,296</u>	<u>2,009,296</u>

ELMA growth foundation is a Not-For-Profit organization in the United States of America. During the year ended December 31, 2019, US\$ 350,000 (2018: US\$ 900,000) was received towards the construction of students' hostel as a result of the increase in student population. As at the year end, construction was not completed and has been included in capital work-in-progress.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(a) CAPITAL GRANTS (CONTINUED)

(iii) Others

	2019	2018
	US\$	US\$
Balance at 1 January	181,786	184,467
Received during the year	10,000	-
Amount amortized during the year	<u>(22,725)</u>	<u>(2,681)</u>
Balance at 31 December	<u>169,061</u>	<u>181,786</u>

These are grants received from staff of Ashesi University and other individual donors towards the cost of constructing the engineering faculty. Total amount received during the year was US\$ 10,000 (2018: Nil) amortised over the useful life of the asset, which is estimated at 50 years.

23. SPONSORED SCHOLARSHIP AND RESEARCH GRANT

	2019	2018
	US\$	US\$
MasterCard Foundation Fellowship Program (i)	3,238,971	4,663,939
Scholarship Endowment Fund (ii)	43,555	23,555
Other Donors (iii)	<u>620,720</u>	<u>334,567</u>
	<u>3,903,246</u>	<u>5,022,061</u>

(i) MasterCard Foundation Fellowship Program

	2019	2018
	US\$	US\$
Balance at 1 January	4,663,939	4,393,332
Received during the year	4,045,563	5,239,802
Amount amortized during the year	<u>(5,470,531)</u>	<u>(4,969,195)</u>
Balance at 31 December	<u>3,238,971</u>	<u>4,663,939</u>

Breakdown of MasterCard Foundation scholarship Utilized

	2019	2018
	US\$	US\$
MCF Program Support	727,471	513,125
MCF Tuition Fees, Housing and Other Student Support	<u>4,743,060</u>	<u>4,456,070</u>
Balance at 31 December	<u>5,470,531</u>	<u>4,969,195</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. SPONSORED SCHOLARSHIP AND RESEARCH GRANT (CONTINUED)

Breakdown of MasterCard Foundation scholarship Utilized (continued)

Total funds commitment under the Ashesi-MasterCard Foundation Partnership amount to \$38.5million (Phase 1: \$12.9 million, phase 2: US\$25.5 million partnership with MasterCard Foundation) of Canada in May 2016 to extend scholarships to Ashesi-MCF Fellowship students over an 8-year period. Total amount utilized during the year include US\$ 743,426 (2018: US\$ 513,125) for students recruitment program support, salaries, professional fees and other program support on behalf of Ashesi MCF fellows and US\$ 4,743,060 (2018: US\$ 4,456,070) to tuition fees, housing fees and other student support. An amount of US\$ 4,045,563 (2018:US\$ 5,239,802) was also received from the MasterCard Foundation to augment the University's tuition discounts or scholarships given to students.

(ii) Scholarship Endowment Fund

	2019 US\$	2018 US\$
Balance at 1 January	23,555	23,555
Received during the year	20,000	-
Amount amortized during the year	=	=
Balance at 31 December	<u>43,555</u>	<u>23,555</u>

Part of the endowment fund of \$23,555 represents fund held by the institution purposely to sponsor indigenes of the Berekuso township if they apply to the institution in future.

(iii) Other Donors

	2019 US\$	2018 US\$
Balance at 1 January	334,567	535,977
Received during the year	1,732,332	840,115
Amount amortized during the year	<u>(1,446,179)</u>	<u>(1,041,525)</u>
Balance at 31 December	<u>620,720</u>	<u>334,567</u>

These are funds received from Tullow Ghana Scholarship Fund, Ford Foundation, Other institutions and individuals to fund research and other students' projects. Amount utilized during the year was US\$ 1,446,179 (2018: US\$ 1,041,525) in students tuition, housing grant and research support.

24. LOANS AND BORROWINGS

	2019 US\$	2018 US\$
IFC Loan (a)	6,062,934	6,675,401
Loan from Ashesi Foundation (b)	<u>1,189,649</u>	<u>1,305,034</u>
	<u>7,252,583</u>	<u>7,980,435</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. LOANS AND BORROWINGS (CONTINUED)

31 December 2019

	Amount	Payable within 1 year	Payable over 1 year
	US\$	US\$	US\$
IFC Loan (a)	6,062,934	602,083	5,460,851
Loan from Ashesi Foundation (b)	<u>1,189,649</u>	<u>115,384</u>	<u>1,074,265</u>
	<u>7,252,583</u>	<u>717,467</u>	<u>6,535,116</u>

31 December 2018

	Amount	Payable within 1 year	Payable over 1 year
	US\$	US\$	US\$
IFC Loan (a)	6,675,401	766,512	5,906,230
Loan from Ashesi Foundation (b)	<u>1,305,034</u>	<u>115,385</u>	<u>1,192,308</u>
	<u>7,980,435</u>	<u>881,897</u>	<u>7,098,538</u>

(a) IFC Loan

	2019	2018
	US\$	US\$
IFC Loan I	-	208,334
IFC Loan II	<u>6,062,934</u>	<u>6,467,067</u>
	<u>6,062,934</u>	<u>6,675,401</u>

IFC Loan I

	2019	2018
	US\$	US\$
Balance at 1 January	208,334	625,000
Additions	-	-
Interest charged	239,952	31,220
Repayments	<u>(448,286)</u>	<u>(447,886)</u>
Balance at 31 December	<u>=</u>	<u>208,334</u>

This relates to a loan amount of US\$2,500,000 obtained from the International Finance Corporation (IFC) in the year 2010 for the construction of a University campus. It attracts an interest rate of 7.36% which is accrued on a day to day basis. Included in repayments of US\$ 448,286 is principal amount of US\$ 208,334 and interest of US\$ 239,952. Repayment of the loan begins from September 2013 to March 2019. The loan was secured over land and buildings with a carrying value of US\$ 28,831,564 (2018: US\$ 26,474,159). This was fully paid off in March 2019.

IFC Loan II

	2019	2018
	US\$	US\$
Balance at 1 January	6,467,067	-
Additions	-	6,299,980
Interest charged	229,278	325,449
Repayments	<u>(633,411)</u>	<u>(158,362)</u>
Balance at 31 December	<u>6,062,934</u>	<u>6,467,067</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. LOANS AND BORROWINGS (CONTINUED)

IFC Loan II (continued)

This relates to a loan amount of US\$ 6,299,980 obtained from the International Finance Corporation (IFC) in the year 2018 for the construction of a University campus. It attracts an interest rate of 5.5% above the 6months LIBOR which is accrued on a day to day basis. Included in repayments of US\$ 633,411 is principal amount of US\$ 404,133 relates and interest of US\$ 229,278. Principal repayment of the loan begins from September 2019 to March 2027. The loan is secured over land and buildings with a carrying value of US\$ 27,544,552 (2018: US\$ 25,850,666).

(b) Ashesi Foundation Loan

	2019 US\$	2018 US\$
Balance at 1 January	1,305,034	1,423,077
Additions	-	-
Interest charged	56,884	59,245
Repayments	(172,269)	(177,288)
Balance at 31 December	<u>1,189,649</u>	<u>1,305,034</u>

This relates to a loan amount of US\$999,988 obtained from the Ashesi Foundation in 2014 and US\$500,012 in 2015 for the construction of a 96 bed student housing facility. The loan attracts an interest rate of 4.35% which is accrued on a day to day basis. Included in repayments of US\$ 172,269 is principal amount of US\$ 115,385 and interest of US\$ 56,884. Repayment of the loan begins from April 2017 to April 2030 for the initial loan and from April 2018 to April 2031 for the latter.

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

2019	Capital grants US\$	Scholarship and research grants US\$	Loans and borrowing US\$	Accumulated funds US\$	Total US\$
Balance at 1 January 2019	18,095,300	5,022,061	7,980,435	8,342,042	39,439,838
Grant received	987,061	5,797,895	-	-	6,784,956
Loan repayment	-	-	(717,468)	-	(717,468)
<i>Total changes from financing cash flows</i>	<u>987,061</u>	<u>5,797,895</u>	<u>(717,468)</u>	<u>-</u>	<u>6,067,488</u>
Other changes	-	-	-	-	-
Amount amortised	(628,043)	(6,916,710)	-	-	(7,544,753)
Interest charges	-	-	526,114	-	526,114
Interest paid	-	-	(536,498)	-	(536,498)
<i>Total liability-related other changes</i>	<u>(628,043)</u>	<u>(6,916,710)</u>	<u>(10,384)</u>	<u>-</u>	<u>(7,555,137)</u>
<i>Total equity-related other changes</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,828,780</u>	<u>2,828,780</u>
Balance at 31 December 2019	<u>18,454,318</u>	<u>3,903,246</u>	<u>7,252,583</u>	<u>11,170,822</u>	<u>40,780,969</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. LOANS AND BORROWINGS (CONTINUED)

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

2018	Capital grants	Scholarship and research grants	Loans and borrowing	Accumulated funds	Total
	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2018	16,424,549	4,952,863	2,048,077	5,775,117	29,200,606
Grant received	3,528,511	6,079,917	-	-	9,608,428
Loan proceeds	-	-	6,299,980	-	6,299,980
Loan repayment	-	-	(532,052)	-	(532,052)
<i>Total changes from financing cash flows</i>	<u>3,528,511</u>	<u>6,079,917</u>	<u>5,767,928</u>	<u>-</u>	<u>15,376,356</u>
Other changes	-	-	-	-	-
Amount amortised	(1,857,760)	(6,010,719)	-	-	(7,868,479)
Interest charges	-	-	415,914	-	415,914
Interest paid	-	-	(241,485)	-	(241,485)
<i>Total liability-related other changes</i>	<u>(1,857,760)</u>	<u>(6,010,719)</u>	<u>174,429</u>	<u>-</u>	<u>(7,694,050)</u>
<i>Total equity-related other changes</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,566,925</u>	<u>2,566,925</u>
Balance at 31 December 2018	<u>18,095,300</u>	<u>5,022,061</u>	<u>7,990,434</u>	<u>8,342,042</u>	<u>39,449,837</u>

25. TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. PROPERTY, PLANT & EQUIPMENT

(a) Reconciliation of carrying amount

2019

	Leasehold Land and Buildings US\$	Computer and Accessories US\$	Furniture, Fitting and Equipment US\$	Textbooks and Library Books US\$	Motor Vehicles US\$	Plant and Machinery US\$	Capital Work-In Progress US\$	Total US\$
Cost								
At 1 January, 2019	26,474,159	1,191,809	2,879,209	814,103	531,771	290,861	9,380,254	41,562,166
Additions	12,422	127,710	572,434	171,621	84,579	37,815	3,376,959	4,383,540
Transfers	2,344,983	-	-	-	-	-	(2,344,983)	-
Adjustment*	-	-	-	-	-	-	(354,643)	(354,643)
Disposal	=	=	=	=	(90,105)	=	=	(90,105)
At 31 December, 2019	<u>28,831,564</u>	<u>1,319,519</u>	<u>3,451,643</u>	<u>985,724</u>	<u>526,245</u>	<u>328,676</u>	<u>10,057,587</u>	<u>45,500,958</u>
Accumulated Depreciation								
At 1 January, 2019	623,493	1,063,410	1,463,541	786,544	281,519	23,254	-	4,241,761
Charge for the year	663,519	127,983	491,760	133,001	86,490	15,605	-	1,518,358
Disposal	=	=	=	=	(90,105)	=	=	(90,105)
At 31 December, 2019	<u>1,287,012</u>	<u>1,191,393</u>	<u>1,955,301</u>	<u>919,545</u>	<u>277,904</u>	<u>38,859</u>	<u>=</u>	<u>5,670,014</u>
Carrying Value								
At 31 December, 2019	<u>27,544,552</u>	<u>128,126</u>	<u>1,496,342</u>	<u>66,179</u>	<u>248,341</u>	<u>289,817</u>	<u>10,057,587</u>	<u>39,830,944</u>
At 31 December, 2018	<u>25,850,666</u>	<u>128,399</u>	<u>1,415,668</u>	<u>27,559</u>	<u>250,252</u>	<u>267,607</u>	<u>9,380,254</u>	<u>37,320,405</u>

*There was an immaterial prior year reversal to capital work in progress of US\$ 354,643.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

2018

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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

	2019	2018
	US\$	US\$
Cost	90,105	-
Accumulated depreciation	(90,105)	-
Net book value	=	=
Sale proceeds	=	=
Profit on disposal	=	=

(c) Security

At 31 December 2019, land and buildings with a carrying amount of US\$ 27,544,552 (2018: US\$ 25,850,666) was subject to a registered debenture that serves as security for a loan acquired from the International Finance Corporation (IFC) in 2010 and 2018.

(d) Right of use

Included in leasehold land and building is right-of-use assets. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

2019

	Lease land US\$
As at 1 January 2019 (transition)	1,716,807
Additions	-
Depreciation	(34,131)
At 31 December 2019	<u>1,682,676</u>

27. INTANGIBLE ASSETS

	2019	2018
	US\$	US\$
Cost		
At 1 January	494,923	390,214
Additions	=	<u>104,709</u>
At 31 December	<u>494,923</u>	<u>494,923</u>
Amortization		
At 1 January	(295,598)	(226,585)
Charge for the year	<u>(83,317)</u>	<u>(69,013)</u>
At 31 December	<u>(378,915)</u>	<u>(295,598)</u>
Carrying value	<u>116,008</u>	<u>199,325</u>

28. RELATED PARTY DISCLOSURES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Transactions

During the year, US\$ 1,904,224 was received as grant from Ashesi Foundation in respect of scholarships and research US\$ 1,277,134 and capital grant US\$ 627,061. In addition, the University paid Ashesi Foundation an amount of US\$ 172,269, principal amount of US\$ 115,385 and interest of US\$ 56,884 on the loan facility.

The following transactions were carried out with related parties:

(b) Outstanding balances due to related party:

	2019	2018
	US\$	US\$
Grant	=	<u>15,904,218</u>
Loan advanced by Ashesi Foundation	<u>1,189,649</u>	<u>1,305,034</u>

(c) Outstanding balances due from related party

	2019	2018
	US\$	US\$
Amount due from related party	<u>29,700</u>	=

(d) Key management compensation

	2019	2018
	US\$	US\$
Salaries and other short-term benefits	<u>294,108</u>	<u>273,114</u>

(e) Loans and advances to related parties

	2019	2018
	US\$	US\$
Loan advances to senior management and staff	<u>72,672</u>	<u>73,016</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT

(a) Overview

The University has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks

(b) Risk Management Framework

The University's board of directors has overall responsibility for the establishment and oversight of its risk management framework.

The University's risk management policies are established to identify and analyse the risks faced by the University, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The University, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how management monitors compliance with the University's risk management policies and procedures in place and reviews the adequacy of the risk framework in relation to the risks faced by the University. The board of directors is assisted in its oversight role by Internal Audit and other corporate governance structures. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the board of directors.

(c) Credit Risk

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

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

The University's exposure to credit risk is influenced mainly by the individual characteristics of each student. However, management also considers the factors that may influence the credit risk of its students.

The University retains student academic records, transcripts and certificates, so that in the event of non-payment the University may have a secured claim. The University does not otherwise require collateral in respect of tuition fees receivable.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit Risk (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:

	2019	2018
	US\$	US\$
Accounts receivable**	173,020	97,395
Short term investments	2,030,473	1,349,465
Bank balance	7,979,854	8,462,539
Restricted cash	1,200,000	1,200,000
Amount due from related party	29,700	-
	<u>11,413,047</u>	<u>11,109,399</u>

** This excludes prepayments and advance payments to contractors.

Impairment Losses

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

	2019		2018	
	Gross US\$	Impairment US\$	Gross US\$	Impairment US\$
Neither past due nor impaired	173,020	-	97,395	-
Past due but not impaired	-	-	-	-
-by up to 90 days	-	-	-	-
-over 90 days	-	-	-	-
Past due and impaired	<u>2,500</u>	<u>(2,500)</u>	<u>32,999</u>	<u>(32,999)</u>
	<u>175,520</u>	<u>(2,500)</u>	<u>130,394</u>	<u>(32,999)</u>

(d) Liquidity Risk

Liquidity risk is the risk that the University will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The University's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk (continued)

The following are contractual maturities of financial liabilities:

Non-derivative financial liabilities

31 December 2019

	Gross Carrying Amount US\$	Contractual cash flows 6 months or less US\$	6-12 months US\$	More than 1 year US\$
IFC Loan	6,062,934	614,789	602,876	6,466,454
Loan from Ashesi Foundation	1,189,649	165,560	-	1,319,444
Accounts payable**	<u>509,245</u>	<u>509,245</u>	<u>-</u>	<u>-</u>
	<u>7,761,828</u>	<u>1,289,594</u>	<u>602,876</u>	<u>7,785,898</u>

31 December 2018

	Gross Carrying Amount US\$	Contractual cash flows 6 months or less US\$	6-12 months US\$	More than 1 year US\$
IFC Loan	6,675,401	896,667	614,662	7,047,039
Loan from Ashesi Foundation	1,305,034	172,269	-	1,486,769
Accounts payable**	<u>584,411</u>	<u>584,411</u>	<u>-</u>	<u>-</u>
	<u>8,564,846</u>	<u>1,653,347</u>	<u>614,662</u>	<u>8,533,808</u>

** This excludes statutory payables.

(e) Market Risk

Market rate risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the University's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Market Risk (continued)

(i) Currency Risk

The University is exposed to currency risk in terms of balances denominated in currencies other than the functional currency. The University's exposure to foreign currency risk was as follows:

	2019 GH¢	2018 GH¢
Assets		
Cash and bank balances	12,762,830	4,578,855
Trade and other receivables	408,672	350,622
Short term investments (Treasury bills)	<u>5,288,710</u>	<u>7,551,996</u>
	<u>18,460,212</u>	<u>12,481,473</u>
Liability		
Trade and other payables	<u>(6,481,614)</u>	<u>(906,543)</u>
Net exposure	<u>11,978,598</u>	<u>11,574,930</u>

The following significant exchange rates applied during the year:

	Average rate		Reporting rate	
	2019	2018	2019	2018
US\$ 1	<u>5.41</u>	<u>4.71</u>	<u>5.75</u>	<u>4.93</u>

(ii) Sensitivity Analysis on Currency Risks

The table below shows the effect of a strengthening or weakening of US\$ against the GH¢ on the University's statement of financial performance. This sensitivity analysis indicates the potential impact on the statement of financial performance based upon the foreign currency exposures recorded at 31 December (See "currency risk" above) and it does not represent actual or future gains or losses.

The sensitivity analysis is based on the percentage difference between the highest daily exchange rate and the average rate per currency recorded in the course of the respective financial year.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Market Risk (continued)

(ii) Sensitivity Analysis on Currency Risks (continued)

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

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

2019			2018		
	Income Statement/Net asset Impact	Income Statement/Net asset Impact		Income Statement/Net asset Impact	Income Statement/Net asset Impact
% Change ±1%	Strengthening <u>(688,769)</u>	Weakening <u>688,769</u>	% Change ±1%	Strengthening <u>(330,843)</u>	Weakening <u>330,843</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. All the University's loans and investments were at fixed rate hence changes in market interest rate would have a nil impact. At the reporting date, the interest rate profile of the University's interest-bearing financial instruments was:

	Carrying amounts	
	2019 US\$	2018 US\$
Fixed rate instruments		
Loans and Borrowings	(7,252,583)	(7,980,435)
Short Term Investments	<u>2,030,473</u>	<u>1,349,465</u>
	<u>(5,222,110)</u>	<u>(6,630,970)</u>

(f) Accounting classification and fair values

Financial instruments not measured at fair value

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information as the carrying amounts of these financial assets and financial liabilities not measured at fair value are reasonable approximation of their fair values due to the insignificant impact of discounting. The basis for determining fair values is disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Accounting classification and fair values (continued)

Financial instruments not measured at fair value (continued)

	Carrying Value 2019 US\$	2018 US\$
Financial assets amortised cost		
Short term investments	2,030,473	1,349,465
Accounts receivable	168,507	97,395
Bank balance	7,979,854	8,462,539
Restricted cash	1,200,000	1,200,000
Amount due from related party	<u>29,700</u>	<u>=</u>
	<u>11,408,534</u>	<u>11,109,399</u>
Other financial liabilities		
Loans and borrowings	7,252,583	7,980,435
Accounts payable	<u>509,245</u>	<u>584,411</u>
	<u>7,761,828</u>	<u>8,564,846</u>

30. RESTRICTED CASH

	2019 US\$	2018 US\$
Restricted cash	<u>1,200,000</u>	<u>1,200,000</u>

This is a cash collateral held in an Escrow account in accordance with the conditions of the IFC loan.

31. SUBSEQUENT EVENTS

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

On 30 January 2020, the World Health Organisation (WHO) declared an international health emergency due to the outbreak of a novel coronavirus, which originated in December 2019 in Hubei province, China. The WHO declared the coronavirus outbreak to be a pandemic on 11 March 2020 in recognition of its rapid spread across the globe, with over 150 countries, including Ghana and other African countries, now affected.

The outbreak of COVID-19 and the necessary containment measures, which include travel bans, quarantines and social distancing protocols, have resulted in disruption to business and economic activity globally. At the date of authorization of the financial statements, the University is operating as normal. The ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore we cannot currently assess the impact it may have on the University's future operations. The University will continue to closely monitor the spread of COVID-19 and assess its impact on the business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**32. ACCUMULATED FUND**

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

33. REVALUATION RESERVE

This represents revaluation of property, plant and equipment.

34. CONTINGENCIES

There was no legal case pending against the University at the year end. (2018: NIL)

35. CAPITAL COMMITMENTS

Capital commitments as at 31 December 2019 amounted to US\$ 2,689,949 (2018: US\$ 2,689,949).

36. EXCHANGE CONTROL

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

APPENDIX 1

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Ashesi's mission to educate a new generation of ethical and entrepreneurial African leaders equipped with critical thinking skills, the concern for others, and courage is not only transformational but also intrinsically charitable. This is because Ashesi University and the Ashesi University Foundation, a US 501(c)(3) non-profit organization that supports it, are both by nature and impact independent public benefit education institutions operating on a not-for-profit basis.

Our focus on public benefit is undergirded by our core values of scholarship, leadership and citizenship and vision of enabling an African renaissance driven by a new generation of ethical, entrepreneurial leaders. The attainment of our mission to educate a new generation of ethical, entrepreneurial leaders in Africa is underpinned by our Strategic Plan, commitment to leadership, transparency and accountability as well as our adoption World Bank's Environmental and Social Framework and support of the UN Sustainable Development Goals (SDGs). This statement therefore provides a brief summary of our significant impact and progress in realizing strategic priorities, building institutional momentum and advancing sustainability across our University and beyond in extraordinary times when our university, country, continent, and world face unprecedented challenges brought on by the COVID-19 pandemic. Our achievements in promoting quality higher education across the continent during the year under review, are illustrated more explicitly in the separate Sustainability Report 2019.

Education and scholarship

Through these uncertain times, we continue to advance our goal of promoting quality higher education across the continent. To truly transform Africa, many more centres of excellence like Ashesi must develop, and the entire higher education ecosystem must work together to develop entrepreneurial and ethical young leaders. Through the Education Collaborative, we are enabling other higher educational institutions in Africa to improve graduate outcomes and develop new strategies for teaching and learning. Additionally, Ashesi joined the U7 Alliance, which brings together universities from around the world to address pressing global challenges. Ashesi through its President becomes part of UNESCO's leadership for Futures of Education Commission, a new global initiative committed to reimagining how knowledge and learning can better shape the future of humanity and the planet.

Ashesi continues to make significant progress in improving quality and access to higher education in Africa. In 2019, 43% of Ashesi students receive scholarships valued over 5.3 million dollars covering, tuition fees, housing, laptops, meals and stipend. 50% of this scholarship recipients are women. 24 Africa countries are represented on campus, and 48% of these students are women. This is deliberate strategy in ensuring diversity and inclusion.

Research

During the year under review, Ashesi launched the Creative and Research Internship Program, which is designed to involve students more deeply in our university's budding research ecosystem. This elective course enables students to either pursue original research under faculty supervision or support faculty projects by working as a research assistant, producing master's-level research intended for publication. Research gives students an opportunity to tackle real-world problems and work side-by-side with their professors.

This year also saw Ashesi launch the New Entrepreneurs Xchange for Transformation: Idea to Impact (NEXTi2i) program in collaboration with MIT D-Lab, with funding from USAID. NEXTi2i includes three pillars: lean research, ecosystem convenings for Ghana's entrepreneurship stakeholders, and the Ashesi Venture Incubator (AVI), a business incubator for recent Ashesi graduates. Led by Ashesi entrepreneurship faculty Jewel Thompson, the yearlong AVI program accepts participants with proofs-of concepts and recruits based on the strongest applications. Twelve inaugural fellows started their AVI experience in fall 2019 and will have the opportunity to build and refine their businesses through business coaching from local and global business leaders, business development sessions, support services, and financial stipends.

Environment and sustainability

Ashesi supports the UN Sustainable Development Goals (SDGs) — a universal call to action to end poverty, protect the planet, and ensure that all people may enjoy peace and prosperity. Ashesi was recognized in the inaugural 2019 Times Higher Education global ranking of universities based on impact and contribution to the SDGs. We understand that social entrepreneurs play a vital role in achieving the SDGs, and so in 2019 Ashesi launched the New Entrepreneurs Xchange for Transformation: Idea to Impact (NEXTi2i) program in collaboration with MIT D-Lab, with funding from USAID. Over 300,000 dollars investment made as of 2019.

Furthermore, Ashesi University has adopted and abides by the World Bank's Environmental and Social Framework, and also leads a consortium that forms the Ghana Climate Innovation Centre (GCIC), which supports Small to Medium Enterprises (SMEs) and technologies building solutions to climate change and adaptation.

Environmental sustainability and community development initiatives also saw reasonable improvement in 2019. Ashesi, through GCIC, has impacted over 200,000 families. It has incubated 83 climate innovation enterprises and entrepreneurs across Ghana, 27 of which are women. Ashesi support the Nana Odeefo Oteng Korankye Education Fund; environmental sanitation; unity, peaceful and social harmony valued over 350,000 Ghana Cedi within Berekuso and the Akwapim South District community.

The university continues to ensure steady investment and growth in its environmental footprint in line with its business and environmental sustainability strategy.

Summary of Charitable giving during the 2019 fiscal year:

	2019	2018
Tuition	4,604,519	4,423,178
Students Rooms and Boarding	758,934	517,758
Community and Young Entrepreneurship projects	816,319	366,039
	6,179,772	5,306,975

Sustainable Operations

Ashesi has proactively developed its environmental capability for sustainable handling of hazardous biological, chemical, bioengineering and health care waste in 2019. The hazardous waste program ensures safe collection, handling and storage capabilities in Ashesi for biosafety-level 1 and Level 2 wastes. The university's ongoing investment in Grid-tied Solar PVE substitution has resulted in relatively lower carbon emission factor (0.39 tCO₂ per MWh) compared to 0.43 tCO₂ per MWh for Grid electricity. This translates to GHG emissions reduction of 0.04 tonne CO₂ per MWh. The annual emission reduction of greenhouse gas by the RE program is estimated at 16.03 tonne of CO₂/year in 2019.

Furthermore, Ashesi implemented its water quality assurance plan (WQAP)³⁰ in compliance with USAID environmental guidelines for small-scale water supply³¹. Drinking water sampling for laboratory analysis at the Water Research Institute of Ghana has also been maintained during the period. The university continues to meet its water quality standards as measured by WBG/IFC and GSA. Average PH drinking water as of 2019 was 6.09 compared to EPA/WHO guideline of 6.5-6.8.

Sustainability and Community

Ashesi's logo and identity symbolise a new beginning as well as intellectual exploration and discovery reflecting Ashesi's focus on the people in and around its community: students, alumni, teachers, parents and members of the broader society.

Faculty Development, Research and Innovation

The World Bank reports that only 1% of global research scholarship comes from Africa. Generating new scientific knowledge is imperative to addressing the issues facing the continent and taking advantage of opportunities presented by advanced technologies. Under the leadership of Ashesi Provost Dr. Angela Owusu-Ansah, we are building a thriving research ecosystem which will help ensure Ashesi's ability to recruit and retain top student and faculty talent.

Approximately 90% of Ashesi faculty either hold a doctorate or are currently enrolled in a doctorate program. 10 full-time faculty members are currently pursuing PhDs, most of whom are benefitting from Ashesi's commitment to sponsoring faculty who pursue a doctorate degree. Other key initiatives launched during the year under review include the Professor Adei Research Studio for Excellence which seeks to advance faculty through the emergence and sustainability of a dynamic Teacher-Scholar model. Bi weekly Faculty Research Series, Boot Camps, and Intensive Research Days. Additionally, Funding opportunities during the year included Faculty Grant Applications under which faculty applied for nine external grants and Provost Research Mini Grants under which five inaugural mini grants each worth up to \$1,500 were awarded to faculty to support research in bioengineering, urban development, agriculture, education, and leadership. three successful applicants emerged from Harvard University, MIT, and the University of Michigan to teach in the Computer Science and Engineering departments with funding from The Archer-Cornfield Fellowship made possible by two donors.

Health and Safety

The university also makes reasonable progress in ensuring healthy workforce and safety environment. In 2019, Ashesi improves its employee health insurance, Group Life and Accident Policy to include Workman Compensation covering employee to/from work etc. It also initiated weekly health and wellness to educate and support healthy lifestyle of the entire community. Other administrative and support staff also benefit from various professional development support.

Partnerships and Collaboration

Ashesi University and Arizona State University (ASU) launched a new partnership that deepens efforts from both universities to strengthen education outcomes in Africa during the year . Under the partnership, Ashesi students complete their fourth year at ASU and stay on for an additional year at the university to complete their chosen master's program. Students who complete the program receive an undergraduate degree from Ashesi and a master's degree from ASU. 16 Ashesi students are currently studying at ASU and are drawn from each of Ashesi's undergraduate programs — Engineering, Computer Science, Business Administration, and Management Information Systems.