

ASHESI UNIVERSITY COLLEGE

*FINANCIAL STATEMENTS
31 DECEMBER 2015*

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

CORPORATE INFORMATION

DIRECTORS

Patrick Awuah (*President*)
Kofi Kwakwa (*Chairman*)
Patrick Nutor
Charles Cofie
Francis Dodoo
Pearl Esua-Mensah
Henry K. Prempeh
Tamar Di Franco
Yawa Hansen-Quao
Harriette Amissah-Arthur

REGISTERED OFFICE

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

SOLICITORS

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

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

AUDITOR

KPMG
Chartered Accountants
13 Yiyiwa Drive
P. O. Box GP 242
Accra.

BANKERS

• Ecobank Ghana Limited
Zenith Bank Ghana Limited

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
ASHESI UNIVERSITY COLLEGE**

The Directors present their report and the financial statements of Ashesi University College (University) for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of financial statements that give a true and fair view of Ashesi University College, comprising the statement of financial position at 31 December 2015, and the statement of financial performance, changes in net assets and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179). In addition, the directors are responsible for the preparation of the directors' report.

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

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

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

FINANCIAL STATEMENTS

The results for the year are summarised as follows:

| | 2015 US\$ |
|---|-----------------------------|
| Surplus income over expenditure for the year is | 233,105 |
| to which is added balance brought forward on accumulated fund account | 2,896,666 |
| leaving a surplus on the accumulated fund of | ----- 3,129,771 ===== |

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

NATURE OF BUSINESS

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

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

**REPORT OF THE DIRECTORS
TO THE MEMBERS OF
ASHESI UNIVERSITY COLLEGE**

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of Ashesi University College as identified in the first paragraph were approved by the Board of Directors on *26 July*, 2016 and are signed on their behalf by:



.....
DIRECTOR



.....
DIRECTOR



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

Report on the Financial Statements

We have audited the financial statements of Ashesi University College (University) which comprise the statement of financial position at 31 December 2015, statement of financial performance, changes in net assets and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 12 to 36.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ashesi University College at 31 December 2015 and 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 1963 (Act 179).



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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 133 of the Companies Act 1963, (Act 179) 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, and the statement of financial position and financial performance are in agreement with the books of account.

K P M S

.....
Signed by: Nathaniel D. Harlley (ICAG/P/1056)

For and on behalf of:

KPMG: (ICAG/F/2016/038)

CHARTERED ACCOUNTANTS

13 YIYIWA DRIVE, ABELNKPE

P O BOX GP 242

ACCRA

26 July..... 2016

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

| | Note | 2015 US\$ | 2014 US\$ |
|--|------|-------------------|-------------------|
| ASSETS | | | |
| Property, Plant and Equipment | 24 | 14,463,800 | 10,293,992 |
| Intangible Assets | 25 | 71,786 | - |
| | | ----- | ----- |
| Non-current asset | | 14,535,586 | 10,293,992 |
| | | ----- | ----- |
| Short Term Investment | 13 | 1,908,189 | 1,289,099 |
| Accounts Receivable | 11 | 367,127 | 2,526,765 |
| Inventories | 14 | 42,532 | 15,268 |
| Cash and Cash Equivalents | 12 | 2,513,329 | 3,407,689 |
| | | ----- | ----- |
| Current assets | | 4,831,177 | 7,238,821 |
| | | ----- | ----- |
| Total assets | | 19,366,763 | 17,532,813 |
| | | ===== | ===== |
| NET ASSETS AND LIABILITIES | | | |
| Accumulated Fund | 27 | 3,129,771 | 2,896,666 |
| | | ----- | ----- |
| Net assets | | 3,129,771 | 2,896,666 |
| | | ----- | ----- |
| LIABILITIES | | | |
| Loans and Borrowings | 22 | 2,541,666 | 2,458,321 |
| Grant | 18 | 9,750,591 | 9,167,686 |
| | | ----- | ----- |
| Non-current liabilities | | 12,292,257 | 11,626,007 |
| | | ----- | ----- |
| Loans and Borrowings | 22 | 416,667 | 416,667 |
| Accounts Payable | 15 | 509,714 | 357,874 |
| Deferred Tuition Fees | 16 | 472,697 | 411,380 |
| Grant | 18 | 305,992 | 217,984 |
| Sponsored Scholarship and Research grant | 17 | 2,239,665 | 1,606,235 |
| | | ----- | ----- |
| Current liabilities | | 3,944,735 | 3,010,140 |
| | | ----- | ----- |
| Total liabilities | | 16,236,992 | 14,636,147 |
| | | ----- | ----- |
| Total net assets and liabilities | | 19,366,763 | 17,532,813 |
| | | ===== | ===== |


.....
DIRECTOR


.....
DIRECTOR

The notes on pages 12 to 36 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | 2015 US\$ | 2014 US\$ |
|-------------------------------------|------|---------------------------|---------------------------|
| INCOME | | | |
| Tuition Fees | | 4,522,545 | 3,950,160 |
| Other Income | 8 | 1,002,582 | 1,038,034 |
| Grant Released | 19 | 2,780,071 | 1,887,314 |
| Total income | | ----- 8,305,198 | ----- 6,875,508 |
| EXPENSES | | | |
| Scholarship Award | 9 | 2,380,614 | 1,733,131 |
| Administrative and General Expenses | 10 | 2,694,483 | 2,127,861 |
| Salaries and Benefits | 21 | 2,062,923 | 1,626,223 |
| Depreciation and Amortisation | 24 | 922,746 | 669,026 |
| Total expenses | | ----- 8,060,766 | ----- 6,156,241 |
| Net Finance Cost | 20 | 11,327 | 69,939 |
| Surplus for the period | | 233,105 | 649,328 |
| Other Comprehensive income | | - | - |
| Total Comprehensive Income | | ----- 233,105 ===== | ----- 649,328 ===== |

The notes on pages 12 to 36 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Accumulated Fund US\$ | Total US\$ |
|-----------------------------------|--------------------------------------|-----------------------------|
| 31 December 2015 | | |
| Balance at 1 January | 2,896,666 | 2,896,666 |
| Total comprehensive income | | |
| Surplus for the year | 233,105 | 233,105 |
| Balance at 31 December | ----- 3,129,771 ===== | ----- 3,129,771 ===== |
| 31 December 2014 | | |
| Balance at 1 January | 2,247,338 | 2,247,338 |
| Total comprehensive income | | |
| Surplus for the year | 649,328 | 649,328 |
| Balance at 31 December | ----- 2,896,666 ===== | ----- 2,896,666 ===== |

The notes on pages 12 to 36 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2015

| | 2015 | 2014 |
|---|-------------|-------------|
| | US\$ | US\$ |
| Cash flows from operating activities | | |
| Surplus for the period | 233,105 | 649,328 |
| <i>Adjustment for:</i> | | |
| Depreciation and amortisation | 922,746 | 669,026 |
| Grant Released | (2,780,071) | (1,887,314) |
| Profit on disposal of property plant and equipment | (9,487) | - |
| Net finance cost | 11,327 | 69,939 |
| Unrealised exchange difference | (549,377) | 389,629 |
| | ----- | ----- |
| | (2,171,757) | (109,392) |
| Decrease/(Increase) in accounts receivable | 2,159,638 | (1,908,487) |
| (Increase)/Decrease in inventories | (27,264) | 2,281 |
| Increase/(Decrease) in accounts payable | 151,840 | (5,025) |
| Increase in deferred tuition fees | 61,317 | 3,986 |
| | ----- | ----- |
| Interest paid | 173,774 | (2,016,637) |
| | (123,750) | (153,333) |
| | ----- | ----- |
| Net cash from/(used in) operating activities | 50,024 | (2,169,970) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (5,093,539) | (1,558,791) |
| Purchase of intangible assets | (71,786) | - |
| Proceeds from disposals of property, plant and equipment | 10,472 | - |
| Interest received | 112,423 | 83,394 |
| Purchase of fixed deposits investments | (581,472) | (452,080) |
| | ----- | ----- |
| Net cash used in investing activities | (5,623,902) | (1,927,477) |
| Cash flow from financing activities | | |
| Grants received from Ashesi Foundation and others | 1,464,315 | 2,320,761 |
| Grant received for sponsored scholarship and research | 3,107,509 | 2,222,716 |
| Proceeds from borrowings | 500,012 | 999,988 |
| Repayment of borrowings | (416,667) | (416,667) |
| | ----- | ----- |
| Net cash from financing activities | 4,655,169 | 5,126,798 |
| Net (decrease)/increase in cash and cash equivalents | (918,709) | 1,029,351 |
| Cash and cash equivalents at 1 January | 3,644,708 | 2,517,576 |
| Effect of movements in exchange rates on cash held | 61,967 | 97,781 |
| | ----- | ----- |
| Cash and cash equivalents at 31 December | 2,787,966 | 3,644,708 |
| | ===== | ===== |

ASHESI UNIVERSITY COLLEGE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOW – (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

| | 2015 | 2014 |
|--|------------------|------------------|
| | US\$ | US\$ |
| Analysis of balances of cash and cash equivalents | | |
| Cash and bank balances | 2,513,329 | 3,407,689 |
| 91 Day Treasury Bills | 274,637 | 237,019 |
| | ----- | ----- |
| | <u>2,787,966</u> | <u>3,644,708</u> |
| | ===== | ===== |

The notes on pages 12 to 36 are an integral part of these financial statements.

ASHESI UNIVERSITY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

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

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

2. BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

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

c. Functional and presentational currency

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

3. USE OF ESTIMATES AND JUDGEMENT

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

a. Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in income statement. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

b. Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(iii) Depreciation

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

The estimated useful lives of property, plant and equipment 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 |

4. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(iii) Depreciation – (Cont'd)

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

c. Intangible Assets

(i) Computer Software

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

(ii) Subsequent expenditure

Subsequent expenditure on software is capitalized only when it increase the future economic benefit embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in income statement

The estimated useful life is as follows:

| | | |
|-------------------|---|---------|
| Computer Software | - | 3 years |
|-------------------|---|---------|

d. Financial instruments

The university classifies non-derivative financial instruments into the following categories: held-to-maturity financial assets and loans and receivables and;

financial liabilities into the other financial liabilities category

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The University initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The university derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the university is recognised as a separate asset or liability.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

d. Financial instruments – (Cont'd)

(ii) *Non-derivative financial assets – measurement*

Held-to-Maturity

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Held to maturity financial assets include fixed deposit investments

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Loans and receivables comprise accounts receivable and cash and cash equivalents.

(iii) *Non-derivative financial liabilities – measurement*

Non-derivative financial liabilities are initially recognized at fair values less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised costs using the effective interest method.

Other liabilities comprises of loans and borrowings and accounts payable.

e. Impairment

(i) *Financial assets*

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the university on terms that the university would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, economic conditions that correlate with defaults.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Losses are recognised in income statement and reflected in an allowance account against loans and receivables. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income statement.

Individually significant financial assets are tested for impairment on an individual basis. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

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

4. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

(ii) *Non-financial assets*

The carrying amounts of the university's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets.

The recoverable amount of an assets is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

An impairment loss is recognised if the carrying amount of an assets exceeds its recoverable amount. Impairment losses is recognised in income statement.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss have been recognised.

f. Finance income and finance costs

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

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

g. Grants

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

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

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

h. Tuition Fees

Tuition fees are recognised in income statement on an accrual basis when it is probable that future economic benefits of the transaction will flow to the entity, the tuition fees can be measured reliably and the costs are identifiable and can be measured reliably.

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

4. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

i. Cash and Cash Equivalent

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

Cash and cash equivalent are carried at amortised cost.

j. Employment Benefits

(i) *Defined Contribution Plans*

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

Obligation for contributions to defined contribution plans are recognised as an expense in income statement when they are due.

(ii) *Short-term employee benefits*

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

(iii) *Provident fund*

The university has a provident fund scheme for all employees who have completed their probation period with the university.

Employees contribute 5% of their basic salary to the Fund. Obligations under the plan are limited to the relevant contributions, which are settled on due dates to the fund manager.

k. Provisions

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

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

l. Related parties

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

- the party has the ability, directly or indirectly through one or more intermediaries, to control the university or exercise significant influence over the university in making financial and operating policy decisions, or has joint control over the university;
- the university and the party are subject to common control;

4. SIGNIFICANT ACCOUNTING POLICIES – (CONT'D)

l. Related parties – (Cont'd)

- the party is an associate of the university or a joint venture in which the university is a venture;
- the party is a member of key management personnel of the university or the university's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- the party is a post-employment benefit plan, which is for the benefit of employees of the university or of any entity that is a related party of the university.
- close family members of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

m. Subsequent events

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

n. Comparatives

Except when a standard or an international interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary the comparative information has been changed to agree to the current year presentation.

5. DETERMINATION OF FAIR VALUES

A number of the university's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in notes specific to that asset or liability.

a. Accounts receivable

The fair value of accounts receivable is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date.

b. Cash and cash equivalents

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

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

c. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

6. FINANCIAL RISK MANAGEMENT

a. Overview

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

- credit risk
- liquidity risk
- market risks

b. Risk Management Framework

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

The University's risk management policies are established to identify and analyse the risks faced by the university, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The university, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

c. Credit Risk

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

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

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

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

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

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

Exposure to credit risks

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

| | 2015 US\$ | 2014 US\$ |
|------------------------|--------------|--------------|
| Accounts receivable | 248,509 | 371,088 |
| Short Term Investments | 1,908,189 | 1,289,099 |
| Bank Balance | 2,513,329 | 3,407,689 |
| | ----- | ----- |
| | 4,670,027 | 5,067,876 |
| | ===== | ===== |

Impairment Losses

The ageing of accounts receivable at the reporting date was:

| | 2015 | | 2014 | |
|------------------------------------|---------------|--------------------|---------------|--------------------|
| | Gross US\$ | Impairment US\$ | Gross US\$ | Impairment US\$ |
| Current (Less than 90 days) | 208,963 | - | 345,433 | - |
| Due but not impaired (90-180 days) | 39,545 | - | 25,655 | - |
| Impaired (more than 180 days) | 689,599 | (689,599) | 564,071 | (564,071) |
| | ----- | ----- | ----- | ----- |
| | 938,107 | (689,599) | 935,159 | (564,071) |
| | ===== | ===== | ===== | ===== |

Based on historical default rates, the university believes that no impairment is necessary in respect of accounts receivable due but not impaired. However, impairment loss is recognised for specific counterparties whose receivables are considered impaired.

d. Liquidity Risk

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

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

The following are contractual maturities of financial liabilities:

| 31 December 2015 | | | | |
|---|--------------------------------------|----------------------------------|-----------------------------|--------------------------------------|
| | Amount US\$ | 6 months or less US\$ | 6-12 months US\$ | More than 1 year US\$ |
| Non-derivative financial liabilities | | | | |
| IFC Loan | 1,458,333 | 208,333 | 208,334 | 1,041,666 |
| Loan from Ashesi Foundation | 1,500,000 | - | - | 1,500,000 |
| Accounts payable | 509,714 | 509,714 | - | - |
| | <u>3,468,047</u> | <u>718,047</u> | <u>208,333</u> | <u>2,541,666</u> |
| 31 December 2014 | | | | |
| 31 December 2015 | | | | |
| | More than Amount US\$ | 6 months or less US\$ | 6-12 months US\$ | 1 year US\$ |
| Non-derivative financial liabilities | | | | |
| IFC Loan | 1,875,000 | 208,333 | 208,334 | 1,458,333 |
| Loan from Ashesi Foundation | 999,988 | - | - | 999,988 |
| Accounts payable | 357,874 | 357,874 | - | - |
| | <u>3,232,862</u> | <u>566,207</u> | <u>208,334</u> | <u>2,458,321</u> |

(e) Market Risk

Market rate risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the university's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return.

(i) Currency Risk

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

| | 2015 GH¢ | 2014 GH¢ |
|-----------------------------|---------------------|---------------------|
| Cash and bank balances | 1,686,993 | 774,952 |
| Trade and other receivables | 1,113,613 | - |
| Trade and other payables | (566,968) | - |
| Net exposure | <u>2,233,638</u> | <u>774,952</u> |

The following significant exchange rates applied during the year:

| | Average rate | | Reporting rate | |
|-------|---------------------|-------------|-----------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| GH¢ 1 | 3.81 | 3.04 | 3.84 | 3.20 |

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

(ii) Sensitivity Analysis on Currency Risks

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

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

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

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

| % Change | 2015 | | % Change | 2014 | |
|----------|---|---|----------|--|---|
| | Income Statement/ Net asset Impact Strengthening | Income/ Net asset Impact Weakening | | Income Net asset Impact Strengthening | Income/ Net asset Impact Weakening |
| ±3% | 75,618 | (75,618) | ±10% | 24,217 | (24,217) |

(iii) Interest Rate Risk

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate instruments. Interest rate risk relates to the University's investments in floating or fixed rate deposits. At the reporting date, the interest rate profile of the University's interest-bearing financial instruments was:

| | Carrying amounts | |
|-------------------------------|------------------|--------------|
| | 2015 US\$ | 2014 US\$ |
| Fixed rate instruments | | |
| Fixed Deposit | 1,633,552 | 1,052,080 |
| Loans and Borrowings | (2,958,333) | (2,874,988) |
| | ----- | ----- |
| | (1,324,781) | (1,822,908) |
| | ===== | ===== |

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

f. Fair Value of Financial Assets and Liabilities

(i) Financial instruments not measured at fair value

The table below sets out the carrying amounts and fair values of the University's financial assets and liabilities. It does not include fair value information because the carrying amount is a reasonable approximation of fair value.

| | Carrying Value | | Fair Value | |
|------------------------------|----------------|--------------|--------------|--------------|
| | 2015 US\$ | 2014 US\$ | 2015 US\$ | 2014 US\$ |
| Financial assets | | | | |
| Short Term Investments | 1,908,189 | 1,289,099 | 1,908,189 | 1,289,099 |
| Accounts Receivable | 367,127 | 2,526,765 | 367,127 | 2,526,765 |
| Cash and Cash Equivalents | 2,513,329 | 3,407,689 | 2,513,329 | 3,407,689 |
| | ----- | ----- | ----- | ----- |
| | 4,788,645 | 7,223,553 | 4,788,645 | 7,223,553 |
| | ===== | ===== | ===== | ===== |
| Financial liabilities | | | | |
| Loans and Borrowings | 2,958,333 | 2,874,988 | 2,958,333 | 2,874,988 |
| Accounts Payable | 509,714 | 357,874 | 509,714 | 357,874 |
| | ----- | ----- | ----- | ----- |
| | 3,468,047 | 3,232,862 | 3,468,047 | 3,232,862 |
| | ===== | ===== | ===== | ===== |

Short Term Investments

The fair value of investment securities is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is rated using quoted market prices for securities with similar credit, maturity and yield characteristics. All available for sale assets are measured and carried at fair value.

Accounts receivable

Accounts receivable are net of charges for impairment. The estimated fair value of these receivable represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine the fair value.

(ii) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether inputs to those valuation techniques are observable or unobservable. Observable inputs reflect the University's market assumptions. The two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and liabilities are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the University's own models whereby the majority of assumptions are market observable.

6. FINANCIAL RISK MANAGEMENT – (CONT'D)

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

Non-market observable inputs mean that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data.

The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the University.

Therefore, unobservable inputs reflect the University's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the University's own data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

| Financial Assets | Note | Level 1 US\$ | Level 2 US\$ | Level 3 US\$ | Total US\$ |
|------------------------------------|------|-----------------|-----------------|-----------------|---------------|
| 2015 | | | | | |
| Short Term Investments | 13 | - | 1,908,189 | - | 1,908,189 |
| Accounts receivable | 11 | - | - | 367,127 | 367,127 |
| Total financial assets | | - | 1,908,189 | 367,127 | 2,275,316 |
| 2014 | | | | | |
| Short Term Investments | 13 | - | 1,289,099 | - | 1,289,099 |
| Accounts receivable | 11 | - | - | 2,526,765 | 2,526,765 |
| Total financial assets | | - | 1,289,099 | 2,526,765 | 3,815,864 |
| Financial Liabilities | | | | | |
| 2015 | | | | | |
| Loans and Borrowings | 22 | - | 2,958,333 | - | 2,958,333 |
| Accounts payable | 15 | - | - | 509,714 | 509,714 |
| Total financial liabilities | | - | 2,958,333 | 509,714 | 3,468,047 |
| 2014 | | | | | |
| Loans and Borrowings | 22 | - | 2,874,988 | - | 2,874,988 |
| Accounts payable | 15 | - | - | 357,874 | 357,874 |
| Total financial liabilities | | - | 2,874,988 | 357,874 | 3,232,862 |

7. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

There are new or revised Accounting and Interpretations in issue that are not yet effective for the year ended 31 December 2015, and have not been applied in preparing Standards these financial statements. These include the following Standards and Interpretations that may have an impact on future financial statements

| Standard/Interpretation | | Effective date (Annuals periods beginning on or after) |
|-------------------------|--|--|
| IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| IAS 1 | Disclosure Initiative | 1 January 2016 |
| IFRS 15 | Revenue from contracts with customers | 1 January 2017 |
| IFRS 9 | Financial Instruments | 1 January 2018 |
| IFRS 16 | Leases | 1 January 2019 |

- **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)**

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

- **Disclosure Initiative (Amendments to IAS 1)**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

- **IFRS 15 Revenue from contracts with customers**

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS.

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

• IFRS 9, 'Financial instruments'

IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

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

• IFRS 16 Leases

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

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

8. OTHER INCOME

| | 2015 US\$ | 2014 US\$ |
|--|--------------------|--------------------|
| Student Housing and Admission fees | 630,329 | 537,540 |
| Graduation Fees | 20,480 | 16,326 |
| Bad debts recovered | 24,297 | 32,162 |
| Departmental income | 317,989 | 314,850 |
| Exchange Gain | - | 137,156 |
| Profit on disposal of fixed assets (Note 24) (b) | 9,487 | - |
| | ----- 1,002,582 | ----- 1,038,034 |
| | ===== | ===== |

9. SCHOLARSHIP AWARD

| | 2015 US\$ | 2014 US\$ |
|---|--------------------|--------------------|
| Tuition Grant | 703,752 | 723,493 |
| Housing Grant | 20,191 | 38,854 |
| MCF Tuition Fees, Housing and Medical Insurance | 1,563,012 | 822,050 |
| Tuition and housing grant – Others | 93,659 | 148,734 |
| | ----- 2,380,614 | ----- 1,733,131 |
| | ===== | ===== |

10. ADMINISTRATIVE AND GENERAL EXPENSES

| | 2015 US\$ | 2014 US\$ |
|-----------------------------------|--------------|--------------|
| Repairs and Maintenance | 124,910 | 124,793 |
| Professional fees | 156,132 | 179,628 |
| MCF Program Expenses | 789,512 | 698,546 |
| Marketing, Promotions and Events | 127,023 | 123,540 |
| Auditors' Remuneration | 28,000 | 24,150 |
| Property Management Expenses | 237,817 | 224,084 |
| Impairment of account receivables | 125,528 | - |
| Research Expenses | 34,397 | 6,571 |
| Other Administrative Cost | 890,690 | 746,549 |
| Exchange loss | 180,474 | - |
| | ----- | ----- |
| | 2,694,483 | 2,127,861 |
| | ===== | ===== |

11. ACCOUNTS RECEIVABLE

| | 2015 US\$ | 2014 US\$ |
|--------------------------------|--------------|--------------|
| Tuition fees receivable | 69,127 | 79,682 |
| Staff Loans | 21,042 | 41,622 |
| Other receivables | 59,477 | - |
| Advance Payment to Contractors | 84,667 | 2,109,314 |
| Prepayment | 33,951 | 46,363 |
| Students loan | 98,863 | 249,784 |
| | ----- | ----- |
| | 367,127 | 2,526,765 |
| | ===== | ===== |

The maximum amount due from officers of the University during the year amounted to US\$21,042 (2014: US\$41,622).

12. CASH AND CASH EQUIVALENTS

| | 2015 US\$ | 2014 US\$ |
|---|--------------|--------------|
| Bank balances | 2,513,329 | 3,407,689 |
| | ----- | ----- |
| Cash and cash equivalents in the statement of financial position | 2,513,329 | 3,407,689 |
| 91 Day Treasury Bills | 274,637 | 237,019 |
| | ----- | ----- |
| Cash and cash equivalents in the statement of cash flows | 2,787,966 | 3,644,708 |
| | ----- | ----- |

13. SHORT TERM INVESTMENTS

| | 2015 US\$ | 2014 US\$ |
|-------------------|----------------------------|----------------------------|
| Treasury Bills | 274,637 | 237,019 |
| Fixed Deposit (a) | 1,633,552 | 1,052,080 |
| | ----- | ----- |
| | <u>1,908,189</u> | <u>1,289,099</u> |

Included in this amount is an investment in fixed deposit amounting to US\$1,000,000 (2014: US\$333,330) using funds from the MasterCard Foundation Fellowship Program.

14. INVENTORIES

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|----------------------------|----------------------------|
| TI-84 Plus Graphing Calculators | 31,466 | 15,268 |
| Other consumables | 11,066 | - |
| | ----- | ----- |
| | <u>42,532</u> | <u>15,268</u> |

15. ACCOUNTS PAYABLE

| | 2015 US\$ | 2014 US\$ |
|------------------|----------------------------|----------------------------|
| Accrued Expenses | 47,182 | 68,453 |
| Other payables | 462,532 | 289,421 |
| | ----- | ----- |
| | <u>509,714</u> | <u>357,874</u> |

16. DEFERRED TUITION FEES

| | 2015 US\$ | 2014 US\$ |
|------------------------|----------------------------|----------------------------|
| Balance at 1 January | 411,380 | 407,394 |
| Amount deferred | 472,697 | 411,380 |
| Amount released | (411,380) | (407,394) |
| | ----- | ----- |
| Balance at 31 December | <u>472,697</u> | <u>411,380</u> |

17. SPONSORED SCHOLARSHIP AND RESEARCH GRANT

| | 2015 US\$ | 2014 US\$ |
|--|--------------|--------------|
| MasterCard Foundation Fellowship Program (i) | 1,937,200 | 1,382,740 |
| Scholarship Endowment Fund (ii) | 23,555 | 23,555 |
| Other Donors (iii) | 278,910 | 199,940 |
| | ----- | ----- |
| | 2,239,665 | 1,606,235 |
| | ===== | ===== |

(i) MasterCard Foundation Fellowship Program

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|--------------|--------------|
| Balance at 1 January | 1,382,740 | 874,115 |
| Received during the year | 2,906,984 | 2,029,221 |
| Amount utilized during the year | (2,352,524) | (1,520,596) |
| | ----- | ----- |
| Balance at 31 December | 1,937,200 | 1,382,740 |
| | ===== | ===== |

The University entered into a US\$13 million partnership with MasterCard Foundation (MCF) of Canada in November 2011 to extend scholarships to Ashesi-MCF Fellowship students over a 10 year period. Amount utilized during the year include US\$ 789,512 to students recruitment program support, salaries, professional fees and other program support on behalf of Ashesi MCF fellows and US\$1,563,012 to tuition fees, housing fees and medical insurance support to students.

(ii) Scholarship Endowment Fund

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|--------------|--------------|
| Balance at 1 January | 23,555 | - |
| Received during the year | - | 23,555 |
| Amount utilized during the year | - | - |
| | ----- | ----- |
| Balance at 31 December | 23,555 | 23,555 |
| | ===== | ===== |

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

(iii) Other Donors

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|--------------|--------------|
| Balance at 1 January | 199,940 | 178,734 |
| Received during the year | 200,525 | 169,940 |
| Amount utilized during the year | (121,555) | (148,734) |
| | ----- | ----- |
| Balance at 31 December | 278,910 | 199,940 |
| | ===== | ===== |

These are funds received from Ashesi university foundation, Ford foundation, other institutions and individuals to fund research and other students' projects. Amount utilized during the year include US\$93,659 in students tuition and housing grant and US\$ 27,896 in research support.

18. GRANTS

| | 2015 US\$ | 2014 US\$ |
|----------------------------------|--------------|--------------|
| Ashesi University Foundation (i) | 9,587,643 | 9,276,268 |
| ELMA Growth Foundation (ii) | 339,167 | - |
| Others (iii) | 129,773 | 109,402 |
| | ----- | ----- |
| | 10,056,583 | 9,385,670 |
| | ===== | ===== |

(i) Ashesi University Foundation

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|--------------|--------------|
| Balance at 1 January | 9,276,268 | 6,702,136 |
| Received during the year | 1,071,739 | 2,302,839 |
| Impact of exchange difference | (487,410) | 487,410 |
| Amount utilized during the year | (272,954) | (216,117) |
| | ----- | ----- |
| Balance at 31 December | 9,587,643 | 9,276,268 |
| | ===== | ===== |

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, 2015, \$1,281,617.63 in funds were provided by Ashesi University Foundation to Ashesi University College, including \$1,071,738.91 in capital grants, \$180,150 in scholarships, and \$29,728.72 in other program support grants.

(ii) ELMA Growth Foundation

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|--------------|--------------|
| Balance at 1 January | - | - |
| Received during the year | 370,000 | - |
| Amount utilized during the year | (30,833) | - |
| | ----- | --- |
| Balance at 31 December | 339,167 | - |
| | ===== | == |

ELMA growth foundation is a Not-For-Profit organization in the United States of America. During the year ended December 31, 2015, \$370,000 was received towards the purchase of laboratory equipment for the engineering faculty. This is amortised over the useful life of the assets which is estimated at 5 years.

(iii) Others

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|--------------|--------------|
| Balance at 1 January | 109,402 | 93,347 |
| Received during the year | 22,576 | 17,922 |
| Amount utilized during the year | (2,205) | (1,867) |
| | ----- | ----- |
| Balance at 31 December | 129,773 | 109,402 |
| | ===== | ===== |

18. GRANTS – (CONT'D)

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 \$22,575, amortised over the useful life of the asset, which is estimated at 50 years.

| | 2015 US\$ | 2014 US\$ |
|----------------------------------|--------------|--------------|
| Grants available after one year | 9,750,591 | 9,167,686 |
| Grants available within one year | 305,992 | 217,984 |
| | ----- | ----- |
| Balance at 31 December | 10,056,583 | 9,385,670 |
| | ----- | ----- |

19. GRANT RELEASED TO INCOME STATEMENT

| | 2015 US\$ | 2014 US\$ |
|---|--------------|--------------|
| Grant (Note 18) | 305,992 | 217,984 |
| Other Program Support (Note 17) (iii) | 121,555 | 148,734 |
| MCF Program support (Note 17) (i) | 789,512 | 698,546 |
| MCF Tuition Fees, Housing and Medical Insurance Support (Note 17) (i) | 1,563,012 | 822,050 |
| | ----- | ----- |
| | 2,780,071 | 1,887,314 |
| | ===== | ===== |

20. NET FINANCE COST

| | 2015 US\$ | 2014 US\$ |
|--|--------------|--------------|
| Interest income on treasury bills and fixed deposits | 112,423 | 83,394 |
| Interest on IFC loan | (123,750) | (153,333) |
| | ----- | ----- |
| | (11,327) | (69,939) |
| | ===== | ===== |

21. SALARIES AND BENEFITS

| | 2015 US\$ | 2014 US\$ |
|--|--------------|--------------|
| Wages and salaries | 1,557,997 | 1,256,435 |
| Social security contributions | 149,021 | 118,907 |
| Contributions to defined contribution plans - provident fund | 49,263 | 36,567 |
| Other staff expenses and allowances | 306,642 | 214,314 |
| | ----- | ----- |
| | 2,062,923 | 1,626,223 |
| | ===== | ===== |

22. LOANS AND BORROWINGS

| | 2015 US\$ | 2014 US\$ |
|---------------------------------|------------------|------------------|
| IFC Loan (a) | 1,458,333 | 1,875,000 |
| Loan from Ashesi Foundation (b) | 1,500,000 | 999,988 |
| | <u>2,958,333</u> | <u>2,874,988</u> |
| 22(a). IFC Loan | | |
| Balance at 1 January | 1,875,000 | 2,291,667 |
| Payments | (416,667) | (416,667) |
| | <u>1,458,333</u> | <u>1,875,000</u> |
| Balance at 31 December | <u>1,458,333</u> | <u>1,875,000</u> |
| Payable within one year | 416,667 | 416,667 |
| Payable after one year | 1,041,666 | 1,458,333 |
| | <u>1,458,333</u> | <u>1,875,000</u> |

This relates to a loan amount of US\$2,500,000 obtained from the International Finance Corporation (IFC) in the year 2010 for the construction of a university campus. It attracts an interest rate of 7.36% which is accrued on a day to day basis. Front fees of \$25,000 was paid 30 days after the agreement was signed and a commitment fee of 1% paid on that part of the loan that is not being disbursed or cancelled to be pro-rated on the basis of a 360 day calendar year. The repayment of the loan is US\$416,667 per year beginning from September 2013 to March 2019. The loan is secured over land and buildings with a carrying value of US\$ 13,468,978 (2014: US\$ 8,281,570).

22(b). Loan from Ashesi Foundation

| | 2015 US\$ | Restated 2014 US\$ |
|-------------------------|------------------|--------------------------|
| Balance at 1 January | 999,988 | - |
| Additions | 500,012 | 999,988 |
| | <u>1,500,000</u> | <u>999,988</u> |
| Balance at 31 December | <u>1,500,000</u> | <u>999,988</u> |
| Payable within one year | - | - |
| Payable after one year | 1,500,000 | 999,988 |
| | <u>1,500,000</u> | <u>999,988</u> |

This relates to a loan amount of US\$999,988 obtained from the Ashesi Foundation in 2014 and 500,000 during the year for the construction of a 96 bed student housing facility. It attracts an interest rate of 4.35% which is accrued on a day to day basis. The repayment of the loan is US\$76,923 per annum beginning from April 2017 to April 2030 for the initial loan and a repayment of US\$38,461.54 per annum beginning April 2018 to April 2031 for the latter.

23. TAXATION

The University is a non-profit making institution and its income is exempted from income tax in accordance with Internal Revenue Act, 2000 (Act 592), Section 10 (1) (d).

24. PROPERTY, PLANT & EQUIPMENT

2015

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

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

| 2014 | Leasehold Land and Buildings US\$ | Computer Software & Accessories US\$ | Furniture, Fitting & Equipment US\$ | Textbooks & Library Books US\$ | Motor Vehicles US\$ | Capital Work-In Progress US\$ | Total US\$ |
|--------------------------|--|---|--|---|---------------------------|--|---------------|
| Cost | | | | | | | |
| At 1 January, 2014 | 8,783,406 | 572,675 | 584,454 | 256,607 | 63,270 | 253,153 | 10,513,565 |
| Additions | 117,970 | 61,361 | 135,326 | 69,968 | 123,297 | 1,050,869 | 1,558,791 |
| At 31 December, 2014 | 8,901,376 | 634,036 | 719,780 | 326,575 | 186,567 | 1,304,022 | 12,072,356 |
| Accumulated Depreciation | | | | | | | |
| At 1 January, 2014 | 384,445 | 268,368 | 302,078 | 145,564 | 8,883 | - | 1,109,338 |
| Charge for the year | 235,361 | 167,386 | 140,911 | 96,481 | 28,887 | - | 669,026 |
| At 31 December, 2014 | 619,806 | 435,754 | 442,989 | 242,045 | 37,770 | - | 1,778,364 |
| Carrying Value | | | | | | | |
| At 31 December, 2014 | 8,281,570 | 198,282 | 276,791 | 84,530 | 148,797 | 1,304,022 | 10,293,992 |
| At 31 December, 2013 | 8,398,961 | 304,307 | 282,376 | 111,043 | 54,387 | 253,153 | 9,404,227 |

24. PROPERTY, PLANT & EQUIPMENT – (CONT'D)**24(b). Profit on disposal of property, plant and equipment**

| | 2015 US\$ | 2014 US\$ |
|--------------------------|---------------------------|------------------|
| Cost | 23,000 | - |
| Accumulated depreciation | (22,015) | - |
| Net book value | ----- 985 | --- |
| Sale proceeds | (10,472) | - |
| Profit on disposal | ----- (9,487) ===== | ----- - == |

24(c). Security

At 31 December 2015, land and buildings with a carrying amount of US\$ 13,198,668 (2014: US\$ 8,281,570) was subject to a registered debenture that serves as security for a loan acquired from the International Finance Corporation (IFC) in 2010.

25. INTANGIBLE ASSETS

During 2015, the university initiated the purchase of a software and license to track students history from admission to the time they graduate from the school. The software was still at the implementation stage and was not available for use as at the year end. A total cost of US\$ 71,786 was recognised in Work in Progress and no impairments have been recognised.

26. RELATED PARTY DISCLOSURES

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

All outstanding balances resulted from transactions with the parent company in the normal course of business were priced at an arm's length basis. None of the balances is secured.

i) Transactions

The following transactions were carried out with related parties:

| | 2015 US\$ | 2014 GH¢ |
|------------------------------------|--------------------|--------------------|
| Funds from Ashesi Foundation | 1,281,618 ===== | 2,247,904 ===== |
| Loan advanced by Ashesi Foundation | 500,012 ===== | 999,988 ===== |

ii) Outstanding balances arising from related party transactions:

| | | |
|--|---------------------|--------------------|
| (a) Grant | 10,075,888 ===== | 9,385,670 ===== |
| (b) Loan advanced by Ashesi Foundation | 1,500,000 ===== | 999,988 ===== |

26. RELATED PARTY DISCLOSURES – (CONT'D)**(iii) Key management compensation**

| | 2015 | 2014 |
|--|--------------|--------------|
| | US\$ | US\$ |
| Salaries and other short-term benefits | 247,603 | 216,985 |
| | <u>=====</u> | <u>=====</u> |

(iv) Loans and advances to related parties

| | | |
|--|--------------|--------------|
| Loan advances to senior management and staff | 21,042 | 41,622 |
| | <u>=====</u> | <u>=====</u> |

27. ACCUMULATED FUND

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

28. CONTINGENCIES

There was a legal case pending against the university at the year end. Should judgement be passed against the university, the potential liabilities has been estimated at US\$30,000 (2014: NIL)

29. CAPITAL COMMITMENTS

Capital commitments as at 31 December, 2015 amounted to US\$ 1,494,621(2014: US\$ 2,771,455).

30. EXCHANGE CONTROL

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