

KUMASI TECHNICAL UNIVERSITY (KsTU)



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Kumasi Technical University
Annual Report
Year ended 31 December 2022**

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CORPORATE INFORMATION

Council members	Prof. Dr. (Med) Ben Baffoe-Bonnie	Chairman
	Ing. Prof. Osei-Wusu Achaw	Vice Chancellor
	Most Rev. Prof. Daniel Yinka Sarfo	Government Nominee
	Ing. Nana Poku Agyeman	Government Nominee
	Nana Akyaa Frempong-Boadu	Government Nominee
	Mark Kakraba Ampeh	Representative of Council for Technical and Vocational Education and training (CTVET)
	Theophilus Asamoah Duku	Representative of Principals of Technical Institute (APTI)
	Hajia Ayesha Nyantakyiwaa Boakye	Representative of Conference of Heads of Assisted Senior High Schools (CHASS)
	Dr. Aboasu Amponsah-Kodua	Representative of Ghana Employers Association (GEA)
	Kwasi Nyamekye	Representative of Association of Ghana Industries (AGI)
	Sylvester Agyen	Representative of Convocation (Teaching)
	Isaac Owusu Ansah	Representative of Convocation (Non- Teaching)
	Surv. Ing. Dr. Collins Ameyaw	Representative of Teaching Staff
	Benjamin Adu Gyamfi	Representative of Senior Staff
	Philip Sampiar	Representative of Junior Staff
	Prof. Gabriel Dwomoh	Pro-Vice Chancellor
	Ebenezer Kofi Boakye	Registrar
	James Osei Brobbey	Director of Finance
	Prof. Samuel Kwesi Asiedu-Addo	Representative of Ghana Tertiary Education Commission (GTEC)
Solicitors	Legal Unit of the University	

CORPORATE INFORMATION (continued)

Registered office	KsTU Kumasi Ashanti Region
Independent auditor	Ghana Audit Service P.O Box M96 Ministries, Accra Ghana
Bankers	Ecobank Ghana Bank of Ghana Zenith Bank Republic Bank United Bank for Africa Guarantee Trust Bank Universal Merchant Bank Consolidated Bank of Ghana Access Bank

COUNCIL'S REPORT

The Council of Kumasi Technical University ("the University") submits its report together with the audited financial statements of the University for the year ended 31 December 2022.

Statement of the Council's responsibilities

The Council is responsible for the preparation and fair presentation of the financial statements comprising the statements of financial position as at 31 December 2022; the statements of financial performance; the statements of changes in net assets; statement 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 Public Sector Accounting Standards (IPSAS) and the Kumasi Technical University (KsTU) financial regulations.

The Council's responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Council has made an assessment of the University's ability to continue as a going concern and has no reason to believe the University will not be a going concern.

Principal activities

The principal activities of the University are to provide higher education, undertake research, disseminate knowledge and foster relationships with the outside persons and bodies.

Results for the year

	31-Dec-2022	01-Jan-22
Deficit for the year	(3,176,528)	-
Total assets	475,579,410	479,393,883
Total liabilities	<u>31,729,308</u>	<u>32,367,253</u>

COUNCIL'S REPORT (continued)

Adoption of International Public Sector Accounting Standards (IPSAS)

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The first date at which IPSAS was applied was 1 January 2022. The net effect on assets and liabilities of changes arising from the adoption of IPSAS are analysed below:

Total assets	479,393,883
Total liabilities	<u>(32,367,253)</u>
Net effect	<u>447,026,630</u>

By order of the Council

.....
CHAIRMAN OF THE COUNCIL

.....
VICE CHANCELLOR

Independent Auditors Report

Independent Auditors Report

Independent Auditors Report

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STATEMENT OF FINANCIAL PERFORMANCE

(All amounts are in Ghana Cedis unless otherwise stated)

REVENUE	Notes	2022
Revenue from non-exchange transactions		
Government subvention and grants	6	<u>80,415,182</u>
Revenue from exchange transactions		
Academic fees and other charges	7	33,597,425
Miscellaneous income	8	<u>4,471,363</u>
		<u>38,068,788</u>
Total revenue		<u>118,483,970</u>
EXPENDITURE		
Compensation of employees	9	86,136,237
Use of goods and services	10	22,292,213
Consumption of fixed assets	11	12,062,691
Social benefit	12	91,415
Other expenses	13	<u>1,077,942</u>
Total expenditure		<u>121,660,498</u>
Deficit for the year		<u>(3,176,528)</u>

The notes on pages 13 to 55 are an integral part of these financial statements

Kumasi Technical University
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STATEMENT OF FINANCIAL POSITION

(All amounts are in Ghana Cedis unless otherwise stated)

	Notes	At 31 December 2022	At 1 January 2022 (Restated)
ASSETS			
Non-current assets			
Intangible asset	14	75,818	83,433
Property, plant and equipment	15	<u>465,552,828</u>	<u>470,106,900</u>
Total non-current assets		<u>465,628,646</u>	<u>470,190,333</u>
Current assets			
Inventories	16	533,795	1,446,015
Accounts receivables and prepayments	17	2,927,845	3,245,172
Cash and cash equivalents	18	<u>6,489,124</u>	<u>4,512,363</u>
Total current assets		<u>9,950,764</u>	<u>9,203,550</u>
Total assets		<u>475,579,410</u>	<u>479,393,883</u>
LIABILITIES			
Current liabilities			
Separation allowance provision	19	29,198,915	27,117,656
Accounts payables and accrued liabilities	20	2,283,435	4,985,816
Deferred income	21	<u>246,958</u>	<u>263,781</u>
Total current liabilities		<u>31,729,308</u>	<u>32,367,253</u>
Total liabilities		<u>31,729,308</u>	<u>32,367,253</u>
Net assets		<u>443,850,102</u>	<u>447,026,630</u>

Kumasi Technical University
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STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts are in Ghana Cedis unless otherwise stated)

NET ASSETS	Notes	At 31 December 2022	At January 2022 (Restated)
Accumulated fund/(deficit)	24	(4,588,452)	(1,411,924)
Capital reserve	15	<u>448,438,554</u>	<u>448,438,554</u>
Total net assets		<u>443,850,102</u>	<u>447,026,630</u>

The accompanying notes on pages 13 to 56 form an integral part of these financial statements.

The financial statements on pages 8 to 55 were approved by the Council on

..... and signed on their behalf by:

Vice Chancellor:

Director of Finance:

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STATEMENT OF CHANGES IN NET ASSETS
(All amounts are in Ghana Cedis unless otherwise stated)

Year ended 31 December 2022

	Note	Accumulated surplus/(deficit)	Capital reserve	Total net asset/equity
Opening balance as at 1 January	24	24,062,692	-	24,062,692
Recognition of PPE at deemed cost in accordance with IPSAS 33	24bii	-	448,438,554	448,438,554
Recognition of inventory	24bii	1,446,015	-	1,446,015
Recognition of student debtors	24bii	83,123	-	83,123
Recognition of production units	24bii	113,902	-	113,902
Recognition of separation allowance provision	24bii	<u>(27,117,656)</u>	-	<u>(27,117,656)</u>
Restated opening balance as at 1 January		<u>(1,411,924)</u>	<u>448,438,554</u>	<u>447,026,630</u>
Deficit for the year		<u>(3,176,528)</u>	-	<u>(3,176,528)</u>
Balance at 31 December		<u>(4,588,452)</u>	<u>448,438,554</u>	<u>443,850,102</u>

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STATEMENT OF CASH FLOWS

(All amounts are in Ghana Cedis unless otherwise stated)

	Notes	31 December 2022
Cash flows from operating activities	23	<u>9,477,765</u>
Net cash flows generated from operating activities		<u>9,477,765</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	15	(7,462,068)
Prior year adjustments for WIP	15	13,500
Acquisition of intangible assets	14	<u>(52,436)</u>
Net cash used investing activities		<u>(7,501,004)</u>
Net increase in cash and cash equivalents		<u>1,976,761</u>
Cash and cash equivalents at beginning of year		<u>4,512,363</u>
Cash and cash equivalents at end of year	18	<u>6,489,124</u>

The notes on pages 13 to 56 are an integral part of these financial statements.

Kumasi Technical University
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NOTES

1. General information

Kumasi Technical University was established in 1954 as Kumasi Technical Institute (K. T. I.) to offer craft courses. In 1963, the Institute was converted to a non-tertiary Polytechnic status under the Ghana Education Service to start offering, in addition, technician diploma and sub-professional courses.

The Polytechnic Law, 1992 (PNDC L.321) elevated the Polytechnic to a tertiary institution to provide high calibre skilled manpower with reference to manufacturing, commerce, science and technology to act as a catalyst for technological development. As a Polytechnic it was one of the famous, elegant and vibrant Polytechnics in Ghana.

The Technical University Act 2016, (Act 922) converted Kumasi Polytechnic to the present Kumasi Technical University with the aim of providing higher education in engineering, applied arts, science technology-based disciplines, technical and vocational training.

2. Summary of significant accounting policies

Prior to 2022 financial year end, the Council applied the modified cash basis of accounting as the basis for the preparation of the financial statements. However, on 1 January 2022, the Council adopted International Public Sector Accounting Standards as its financial reporting framework unless otherwise stated.

2.1 Basis of preparation and adoption of IPSAS

The financial statements of the KsTU have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements have been prepared on a historical cost basis, except for the following where the Council of the University used fair value as the deemed cost as permitted by IPSAS 33 for first time adopters:

- (a) property, plant and equipment,
- (b) inventory, and
- (c) Accruals for separation allowance

The financial statements of the University for the year ended 31 December 2021, which were prepared in accordance with the modified cash basis accounting policies, have been restated in accordance with IPSAS 33, First-time Adoption of Accrual Basis IPSASs. The accounting policies under IPSAS have resulted in changes to the assets and liabilities recognised in the previous audited financial statements. Accordingly, the resulting changes have been reported in the statement of changes in net assets and the notes to the financial statements.

In the absence of an International Public Sector Accounting Standard that specifically applies to a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users of the University's financial statements. The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires the Council to exercise judgement in the process of applying the University's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Adoption of newly published standards and interpretations and revised reporting standards and interpretations

a. *New standards and amendments adopted by the University*

IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards

This standard is applicable to an entity that adopts accrual basis IPSAS and prepares its IPSAS financial statements for the first time (first time adopter). The standard prescribes how a first-time adopter will measure and recognise assets, liabilities, revenue and expenditure during the adoption of and the transition to accrual basis IPSAS. It also provides transitional exemptions that a first-time adopter can adopt towards the full compliance with accrual basis IPSAS. This standard is effective for financial statements beginning on or after 1 January 2019. The standard has been applied by the University in preparing its first IPSAS financial statements.

IPSAS 39, Employee Benefits

IPSAS 39, 'Employee Benefits' was issued by the International Public Sector Accounting Standards Board in July 2016. The standard replaced IPSAS 25, 'Employee Benefits'. The key differences between IPSAS 39 and 25 are:

- Removal of the "corridor approach" option that allowed an entity to defer the recognition of changes in the net defined benefit liability;
- Introduction of the net interest approach for defined benefit plans;
- Simplification of the requirements for contributions from employees or third parties to a defined benefit plan where those contributions are applied to a simple contributory plan that is linked to service;
- Amendment of certain disclosure requirements for defined benefit plans and multi-employer plans; and
- Removal of the requirements for Composite Social Security Programmes.

This standard is effective for financial statements beginning on or after 1 January 2018 and has been applied by the University in preparing its first IPSAS financial statements for the year ended 31 December 2022.

IPSAS 41, Financial Instruments

IPSAS 41 'Financial Instruments' was issued by the International Public Sector Accounting Standards Board (IPSASB) in August 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. This standard is effective for financial statements beginning on or after 1 January 2023 and has been early adopted by the University, as encouraged by the IPSASB, in preparing its IPSAS financial statements for the year ended 31 December 2022.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Adoption of newly published standards and interpretations and revised reporting standards and interpretations (continued)

a. New standards and amendments adopted by the University (continued)

IPSAS 43, Leases

IPSAS 43 'Leases' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2022. The standard introduces, for lessee accounting, a right-of-use model which replaces the risk and rewards incidental to ownership model in IPSAS 13, while substantially carrying forward the risk and rewards incidental to ownership model in IPSAS 13 'Leases' for lessor accounting. This standard is effective for financial statements beginning on or after 1 January 2025. However, there were no lease arrangements between the University and third parties requiring recognition and related disclosures as required by the IPSAS 43.

b. New standards issued but not yet effective

IPSAS 36 (Amended), Long Term Interest in Associates and Joint Ventures

Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) was issued in January 2019 by International Public Sector Accounting Standards Board (IPSASB). The objective is to make amendments to IPSAS to converge with the narrow-scope amendments to IAS 28, Investments in Associates and Joint Ventures, made by the IASB in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) (issued October 2017).

An entity shall apply these amendments retrospectively in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors, for annual financial statements covering periods beginning on or after 1 January 2023 with an option for earlier adoption. It has not been applied to the financial statements of the University for the year ended 31 December 2022.

IPSAS 42 - Social Benefits

IPSAS, 42 - Social Benefits was issued to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits as defined by the standard. The standard defines the information which should be provided by the reporting entity to help users of the financial statements and general-purpose financial reports assess:

- a. The nature of such social benefits provided by the entity;
- b. The key features of the operation of those social benefit schemes; and
- c. The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

This standard is effective for financial statements beginning on or after 1 January 2023 and have not been applied by the University in preparing its first IPSAS financial statements for the year ended 31 December 2022.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Adoption of newly published standards and interpretations and revised reporting standards and interpretations (continued)

b. New standards issued but not yet effective (continued)

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations

IPSAS 44 'Non-current Assets Held for Sale and Discontinued Operations' was issued by the International Public Sector Accounting Standards Board (IPSASB) in May 2022. The standard specifies the accounting treatment for assets held for sale as well as presentation and disclosure requirements for discontinued operations. It includes additional disclosure of the fair value of assets held for sale that are measured at carrying amounts, when their carrying amounts are materially lower than their fair value. This standard is effective for financial statements beginning on or after 1 January 2025 and have not been applied by the Institution in preparing its IPSAS financial statements for the year ended 31 December 2022.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the University are measured using the currency of the primary economic environment in which the University operates ('the functional currency'). The financial statements are presented in Ghana Cedis which is the University's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlements of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Foreign exchange gains and losses that relate to borrowings are presented in the statement of financial performance within finance costs. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenditure.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the statement of financial performance.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available - for - sale are included in the statement of financial performance.

2.4 Revenue recognition

The University's revenue consists of both revenue from exchange and non-exchange transactions. The University recognises revenue when the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and specific criteria have been met for each of the University's activities. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised on an accrual basis in the period in which it accrues.

(a) Revenue from non-exchange transactions

Revenue from non-exchange transactions are transactions in which the University receives assets or services or has liabilities extinguished and provides no equal value or consideration directly in return. The University's revenue from non-exchange transactions mainly comprise government subvention and grants, research grants, donations and other revenues from non-exchange transactions.

(i) Government subvention and grants

Government subvention and grants are recognized as revenue from non-exchange transaction in the financial year in which they accrue to the University. Government grants may include compensation of employees, goods and services and donation of fixed assets.

Government and donor grants for specific research purposes are recognized as revenue from in the financial period in which they accrue to the University and in accordance with the relevant grants agreements. Such grants are presented separately as revenue on the face of the statement of financial performance. Grants relating to specific expenses are not to be offset against the expense but are included in the disclosure for grants.

(ii) Donations

Revenue from other non-exchange transactions comprises donation to the University in cash or in-kind by organisations and individuals.

Cash donations are recognised when received into the University's bank account. In-kind donations (for goods) are recognised as revenue and assets when it is probable that future economic benefits or service potential associated with the donation goods will flow to the University and the fair value can be measured reliably. Donation in-kind (goods) are recognized as assets upon the receipt of the goods, or where there is a binding arrangement to receive the goods. If donations in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized which is reduced by the revenue recognized as the conditions are satisfied.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Revenue recognition (continued)

(a) Revenue from non-exchange transactions (continued)

(ii) Donations (continued)

KsTU does not recognise services in kind. Where services in kind to the University include any of the following, disclosure is made in the financial statements:

- Technical assistance from other governments or international organizations;
- Persons convicted of offenses who may be required to perform community service for the University;
- Services from volunteers; and
- Services received from parents as teachers' aides or as board members.

(b) Revenue from exchange transactions

Revenue received from exchange transactions are recognized in the statement of financial performance in the financial period in which it accrues to the University. Revenue from rendering of services is recognized to the extent that, the service has been provided (i.e., in accordance with the stage of completion at the reporting date), and the amount of revenue can be reliably measured. Where the outcome of the transaction cannot be estimated reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered

(i) Academic fees and other charges

Fees and charges are to be recognized equally for the two (2) semesters in an academic year as tuition is provided.

(c) Revenue from other exchange transactions

(i) Sale of goods

Revenue from sale of goods is recognized when;

- i. significant risks and rewards of ownership of the goods are transferred from KsTU to the purchaser; and
- ii. KsTU does not retain continuing managerial involvement to the degree associated with ownership or effective control over the goods sold.

(ii) Interest income

Interest income is recognized on a time proportion basis using the effective yield method.

(iii) Rent income

Rent income is recognized on a straight-line basis over the lease term, where KsTU acts as a lessor.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition (continued)

(c) Revenue from other exchange transactions

(iv) Miscellaneous income

Internally generated income is recognized when the University receives assets or services or has liabilities extinguished and give approximately equal value to another entity in exchange.

2.6 Expenditure

Expenditures are decrease in economic benefits or service potential during the year in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets/equity, other than those relating to distribution to owners. Expenditure is recognised when incurred. The University's expenditure consists of compensation of employees, consumption of fixed assets including depreciation and amortisation, use of goods and services including operating expenditure, general education expenses, production cost, general administration, library expenses, social benefits and other expenses.

(a) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are consideration given by the University in exchange for service rendered by employees or for the termination of employment. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(ii) Post-employment benefits

KsTU post-employment benefits comprise of a defined contribution plan.

Defined contribution plan

The defined contribution plan is a pension plan under which the University pays fixed contributions to a scheme. The University's defined contribution plan is administered by Social Security and National Insurance Trust (SSNIT). The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognised as an expense in the statement of financial performance when they are incurred.

(iii) Other long term benefits

Other long term employee benefits are all employee benefits other than short-term employment benefits, post-employment benefits and termination benefits. Other long-term benefits for KsTU includes the severance allowance and the disengagement allowance.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.6 Expenditure (continued)

(a) Employee benefits (continued)

(iii) Other long-term benefits (continued)

• **Separation allowance**

Separation allowances is paid for all staff, excluding the Vice-Chancellor, Pro-Vice Chancellor, Registrar, the Director of Finance, University Librarian, Director of Internal Audit and the Director of Works and Physical Development, for every successful year of service per the conditions of service for university staff. An employee qualifies only after a minimum continuous service of ten (10) years with the University and on attaining voluntary or compulsory retiring age or dying in service. These payments are made to staff upon completion of their contract or termination of employment by retirement or resignation after 10 years continuous service. The basic salary is the basis for the calculation of the provision for staff separation allowance liability. The expenditure is accrued for when the obligating event occurs

• **Disengagement allowance**

Disengagement allowance refers to the severance allowance payable to key officers of the university. Key officers consist of the Vice Chancellor, Pro Vice-Chancellor, Registrar, Directors of Finance, Internal Audit, Works and Physical Development and the University Librarian, of the university after every successful year of service (as a key officer). These payments are made to staff upon completion of their term in office as a key officer or upon termination of employment by resignation or retirement. It is computed 4 to 2.5 months' basic salary for every successful year of service as a key officer.

(iv) Termination benefits

Termination benefits are recognised as an expense when the University is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the University has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.6 Taxation

The University is exempt from the payment of income taxes.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

Property, Plant and Equipment are initially recognized at cost. The cost of an item of property, plant and equipment comprises the purchase price (including taxes and excluding discounts and rebates) and any costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by management. For items of property, plant and equipment acquired through non-exchange transactions (e.g., donations), the cost shall be their fair value at the date of the acquisition.

After initial recognition, all property, plant and equipment except land, are carried at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the University and its cost can be measured reliably. Repairs and maintenance costs of any property, plant and equipment item, which do not meet the recognition criteria, are charged to the statement of financial performance as expenses.

Depreciation on assets is charged on a straight-line basis estimated to write each asset down to its estimated residual value over the estimated useful life of the asset. Freehold land is not depreciated as it is deemed to have an indefinite useful life. The asset's residual value and useful life is reviewed and adjusted when appropriate, at each statement of financial position date. The depreciation charge for each year is recognised in the statement of financial performance. The estimated useful lives and depreciation rates applied to each category for the current and corresponding periods are as follows:

Asset type	Depreciation rate	Useful lives (years)
Building	5%	20
Motor Vehicle	20%	5
Furniture and fittings	15%	6.67
Plant and Machinery	15%	6.67
Office Equipment	25%	4
Academic Gown	20%	5

The assets' residual values and useful lives are reviewed and adjusted when appropriate, at the end of each annual reporting date. An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.8 Property, plant and equipment (continued)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of financial performance.

The University derecognises items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use.

Any gain or loss arising on derecognition of the asset is included in the statement of financial performance.

2.9 Heritage assets

Heritage assets include historical buildings and monuments, archaeological sites, conservation areas and nature reserves and works of art. Certain characteristics, including the following, are often displayed by heritage assets:

- Their value in cultural, environmental, educational and historical terms is unlikely to be fully reflected in a financial value based purely on a market price;
- Legal and/or statutory obligations may impose prohibitions or severe restrictions on disposal by sale;
- They are often irreplaceable, and their value may increase over time even if their physical condition deteriorates; and
- It may be difficult to estimate their useful lives, which in some cases could be several hundred years.

The University does not have assets that qualify as heritage assets for disclosure in the financial statements at the end of the reporting date.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.10 Investment properties

Investment properties are measured initially at its cost and cost includes transaction costs associated with acquiring the property. Where an investment property is acquired through a non-exchange transaction, it is measured at its fair value at the date of receipt. Subsequent to initial recognition, investment properties are measured at fair value at each reporting date. A gain or loss arising from a change in the fair value of investment property is recognised in statement of financial performance for the year in which it arises.

When the University completes construction or development of a self-constructed investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying cost is recognised in the statement of financial performance.

An investment property is derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the statement of financial performance in the period of the retirement or disposal.

2.11 Intangible assets

(a) Acquisition of intangible assets

Intangible asset acquired separately is initially recognised at cost. The cost of a separately acquired intangible asset comprise the purchase price including import duties and non-refundable purchase taxes excluding trade discounts and rebates. The cost of intangible asset acquired in a non-exchange transaction is the fair value at the date of receipt. Following initial recognition, intangible asset is carried at cost less any accumulated amortisation and impairment losses.

The useful life of the intangible asset is assessed as either finite or indefinite. An intangible asset with a finite life is amortised over its useful life. Intangible asset with finite useful life (Software) are amortised over a period of 4 years on a straight-line basis. Intangible assets are not amortised in the year of acquisition. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on an intangible asset with a finite life is recognised in the statement of financial performance.

NOTES (continued)

2 Summary of significant accounting policies (continued)

2.11 Intangible assets (continued)

(b) Acquisition of intangible assets (continued)

Intangible assets with indefinite useful lives are not amortised. The useful lives of intangible assets with indefinite useful lives are reviewed at each reporting period to determine whether events and circumstances continue to support their indefinite useful life assessment. Where they do not, the change in the useful life assessment from indefinite to finite are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of financial performance when the asset is derecognised.

(c) Research and development costs

Intangible assets arising from development will be recognized as assets if and only if all the following are demonstrated:

- the technical feasibility of completing the asset so that the asset will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits or service potential;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of an asset, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognised immediately in the statement of financial performance.

2.12 Related parties

The related parties of the University include key management personnel such as the Council Members and Key Principal Officers. The nature of the related party relationships, balances and transactions with related parties are disclosed in the notes to the financial statements.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.13 Inventories

Inventory is recognised when it is probable that future economic benefits will flow to the University and the asset has a cost or value that can be measured reliably. Where the inventories are not for trading, they are valued at the lower of cost and replacement cost. Where inventory is acquired through non-exchange transactions (at no cost or at a nominal cost), the cost of the inventory is its fair value at the date of receipt.

Cost includes all direct expenses incurred in bringing the inventories to their current state under normal operating conditions. The cost of inventories (that are similar or interchangeable in nature) are calculated using the weighted average cost formula.

After initial recognition, inventories are measured at the lower of cost and net realisable value except where they are held for distribution or consumption in the production process of goods to be distributed at no charge or for a nominal charge. In this instance, the University measures inventory at the lower of cost and current replacement cost. Inventories are recognised as an expense when consumed in the ordinary course of operations of the University.

Damaged and obsolete inventories are written off. Provision for inventory losses during the year is charged to the statement of financial performance.

2.14 Accounts receivables

Receivables broadly includes student fee receivables, subvention receivables, staff debtors, and other receivables. Receivables generally represent outstanding moneys due for services provided. Management makes an estimate of the amount of total outstanding. In addition, management estimates the amounts that it expects to recover from the outstanding balances. A provision for impairment is raised based on these estimates. A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the receivables.

Recoverable from non-exchange transactions comprises government subvention and grants that do not arise out of a contract. These recoverable are initially assessed at nominal amount or face value; that is, the receivable reflects the amount owed. These receivables are subsequently tested for impairment.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the University in the management of its short-term commitments.

2.16 Restricted funds

This is made up of project research funds, development funds and infrastructure project funds. They relate to amounts received from individuals and organisations purposely to support the University's research, scholarship schemes, physical projects and awards and for specific purposes mandated by the University. Contributions to the funds are recognised separately in restricted funds (deferred revenue) when received. Expenses incurred are charged to the statement of financial performance in the year that the cost is paid.

In each reporting period, an amount equal to the total costs incurred in respect of each item supported by restricted funds is transferred from the relevant fund to match the costs in the statement of financial performance.

2.17 Accounts payable and accrued liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are recognised at fair value.

2.18 Provisions, contingent liabilities and contingent assets

(a) Provisions

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as provision is the best estimate of the expenditure required to settle the obligation at the statement of financial position date.

(b) Contingent liabilities

The University does not recognise a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

NOTES (continued)

2. Summary of significant accounting policies (continued)

(c) Contingent assets

The University does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

2.19 Financial instruments

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets – assets that are credit-impaired at initial recognition – the University calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the University revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in surplus or deficit.

NOTES (continued)

2. Summary of significant accounting policies (continued)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when KsTU becomes a party to the contractual provisions of the instrument.

At initial recognition, the university shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at its fair value through surplus or deficit, transaction cost that are directly attributable to the acquisition or issue of the financial assets or financial liability.

Transaction costs of financial assets and financial liabilities carried at fair value through surplus or deficit are expensed in the statement of financial performance. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through net assets/equity, which results in an accounting loss being recognised in surplus or deficit when an asset is newly originated.

(a) Financial assets

(i) Classification and subsequent measurement

The University classifies its financial assets in the following measurement categories:

- Fair value through surplus or deficit (FV-S/D);
- Fair value through net assets/equity (FV-NA/E); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the managements model for managing the financial assets; and
- the contractual cash flow characteristics of the asset (SPPI).

Managements model: The business model reflects how KsTU manages the assets in order to generate cash flows. That is, whether KsTU's objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified and measured at FV-S/D. Factors considered by the University in determining the model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed, etc.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.19 Financial instruments (continued)

(a) Financial assets (continued)

(i) Classification and subsequent measurement (continued)

(a) Debt instruments (continued)

SPPI: Where the management model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the University assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the University considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through surplus or deficit.

Based on these factors, the University classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FV-S/D, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- *Fair value through net assets/equity (FV-NA/E)*: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FV-S/D, are measured at fair value through net assets/equity (FV-NA/E). Movements in the carrying amount are taken through statement of changes in net assets/equity, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in surplus or deficit. When the financial asset is derecognised, the cumulative gain or loss previously recognised in net assets/equity is reclassified from equity to surplus or deficit and recognised accordingly. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- *Fair value through surplus or deficit (FV-S/D)*: Assets that do not meet the criteria for amortised cost or FV-NA/E are measured at fair value through surplus or deficit. A gain or loss on a debt investment that is subsequently measured at fair value through surplus or deficit and is not part of a hedging relationship is recognised in surplus or deficit and presented in the surplus or deficit within the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2. Summary of significant accounting policies (continued)

2.19 Financial instruments (continued)

(a) Financial assets (continued)

(ii) *Classification and subsequent measurement (continued)*

(b) *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The University subsequently measures all equity investments at fair value through surplus or deficit, except where management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through net assets/equity. When this election is used, fair value gains and losses are recognised in net assets/equity and are not subsequently reclassified to surplus or deficit, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in surplus or deficit as other income when the University's right to receive payments is established.

(iii) *Impairment*

The University assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FV-NA/E. The University recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(iv) *Derecognition of financial assets*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

(b) Financial liabilities

(i) *Classification*

The University classifies its financial liabilities, other than derivatives as measured at amortised cost.

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2 Summary of significant accounting policies (continued)

2.19 Financial instruments (continued)

(b) Financial liabilities

(ii) Measurement

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

(iii) Derecognition

A financial liability is recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

(b) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

The University uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.19 Financial instruments (continued)

(b) Determination of fair value (continued)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the University holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the Council believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

(c) Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis result in the related assets and liabilities being presented gross in the statement of financial position.

3 Financial risk management

(a) Overview of KsTU risk management

The University's activities involve taking on risks in a targeted manner and managing them professionally. The core functions of the University's risk management are to identify all key risks, measure these risks, manage the risk positions and determine capital allocations. The University's Audit Committee evaluates its risk management policies and governance process of the University and contribute to the improvement of that risk management and governance process. The University's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

(b) Risk management structure

The Council of the University has overall responsibility for the establishment and oversight of the University's risk management. The University's Audit Committee is responsible for risk management and reports to the Council. 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. The University aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

(b) Risk management structure (continued)

Through its risk management structure, the University seeks to manage efficiently the core risks which affects its operations as an educational institution.

(i) Credit risk management

Credit risk is the risk of financial loss, should any student or market counterparties fail to fulfil their contractual obligations to the University. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers (students), including outstanding receivables and committed transactions. The University manages its credit risk by ensuring that it only transacts with reputable well- established financial institutions and constantly follows up on its student debtors for payments to be made.

The University's maximum exposure to credit risk at the end of the reporting date is as follows:

	31-Dec-22	01-Jan-22
Cash and cash equivalents (excluding bank overdrafts)	6,489,124	4,512,363
Accounts receivable excluding prepayments and advances	<u>2,513,319</u>	<u>1,105,711</u>
	<u>9,002,443</u>	<u>5,618,074</u>

The University has no credit risk exposures relating to off - balance sheet items i.e., statement of financial position.

Impairment of financial assets

The university has various types of financial assets subject to the expected credit loss model. However, apart from student debtors, there were no identified impairment losses for the other categories of financial assets such as cash and cash equivalent, staff loans, and controller deductions.

Student debtors

The university applies the IPSAS 41 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all student debtors. To measure the expected credit losses, student debtors have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the student profile (active or inactive student) for fees over a period of 48 months before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the student debtors to settle the outstanding fees. Active students historically have a default rate of 0%. Inactive students also historically have a default rate of 100%

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3 Financial risk management (continued)

(c) Risk management structure (continued)

(i) Credit risk management (continued)

Impairment of financial assets (continued)

Student debtors (continued)

Loss allowances as at 31 December 2022 and 1 January 2022 was determined as follows for inactive student debtors as follows.

31 December 2022	Current	More than 6 months past due	More than 12 months past due	Total
Expected loss rate	100%	100%	100%	
Gross carrying amount – inactive students	-	-	1,234,292	1,234,292
Loss allowance	<u>-</u>	<u>-</u>	<u>1,234,292</u>	<u>1,234,292</u>
1 January 2022	Current	More than 6 months past due	More than 12 months past due	Total
Expected loss rate	100%	100%	100%	
Gross carrying amount – inactive students	-	-	375,287	375,287
Loss allowance	<u>-</u>	<u>-</u>	<u>375,287</u>	<u>375,287</u>

At 31 December 2022, the University's credit exposures on accounts receivable were categorised as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure (continued)

(i) Credit risk management (continued)

The balances for accounts receivable category have been analysed below:

	31-Dec-22	01-Jan-22
Neither past due nor impaired	632,848	647,301
Past due but not impaired	646,179	83,123
Individually impaired	<u>1,234,292</u>	<u>375,287</u>
Gross	2,513,319	1,105,711
Less allowance for impairment	<u>(1,234,292)</u>	<u>(375,287)</u>
Net amount	<u>1,279,027</u>	<u>730,424</u>

Other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(ii) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial liabilities as they fall due. The University manages liquidity risk by maintaining adequate cash reserves and utilising short-term borrowing when necessary and approved by the Council.

Prudent liquidity risk management includes maintaining sufficient cash balances for the payment of obligations as they fall due. Management performs cash flow forecasting for the University's liquidity requirements on a monthly basis as required by the Public Financial Management Act, 2016 (Act 921) to ensure it has sufficient cash to meet its operational needs. In addition, the University's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets required to meet these obligations, monitoring balance sheet liquidity ratios against best practice, internal and external regulatory requirements and maintaining debt financing plans.

The table below presents the amounts payable by the University under non-derivative financial liabilities and assets held for managing liquidity risk. The amounts disclosed in the table are the contractual undiscounted cash flows.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure (continued)

(ii) Liquidity risk

At 31 December 2022

	0-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢	Carrying amount GH¢
Liabilities					
Separation allowance provisions	-	-	29,198,915	29,198,915	29,198,915
Deferred Income	246,958	-	-	246,958	246,958
Accounts payable and accrued liabilities	<u>2,283,435</u>	-	-	<u>2,283,435</u>	<u>2,283,435</u>
Total liabilities	<u>2,530,393</u>	-	<u>29,198,915</u>	<u>31,729,308</u>	<u>31,729,308</u>
Assets					
Cash and cash equivalents	6,489,124	-	-	6,489,124	6,489,124
Account receivables less advances***	<u>2,513,319</u>	-	-	<u>2,513,319</u>	<u>1,279,027</u>
Total assets held for managing liquidity risk	<u>9,002,443</u>	-	-	<u>9,002,443</u>	<u>7,768,151</u>
Net position	<u>6,472,050</u>	-	<u>(29,198,915)</u>	<u>(22,726,865)</u>	<u>(23,961,157)</u>

***This excludes advance to contractors, project advances and salary advances.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure (continued)

(ii) Liquidity risk (continued)

At 1 January 2022

	0-6 months GH¢	6-12 months GH¢	Over 12 months GH¢	Total GH¢	Carrying Amount GH¢
Liabilities					
Separation allowance provision	-		27,117,656	27,117,656	27,117,656
Deferred income	263,781	-	-	263,781	263,781
Accounts payable and accrued liabilities	<u>4,985,816</u>	-	-	<u>4,985,816</u>	<u>4,985,816</u>
Total liabilities	<u>2,547,216</u>	-	<u>27,117,656</u>	<u>32,367,253</u>	<u>32,367,253</u>
Assets					
Cash and cash equivalents	4,512,363	-	-	4,471,705	4,471,705
Account receivables less advances	<u>1,105,711</u>	-	-	<u>1,105,711</u>	<u>730,424</u>
Total assets held for managing liquidity risk	<u>5,618,074</u>	-	-	<u>5,618,074</u>	<u>5,202,129</u>
Net position	<u>368,477</u>	-	<u>(27,117,656)</u>	<u>(26,749,179)</u>	<u>(27,165,124)</u>

NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure (continued)

(ii) Liquidity risk (continued)

Assets held for managing liquidity risk

The University holds a diversified portfolio of cash and highly liquid investment securities to support payment obligations and contingent funding in a stressed market environment. The University's assets held for managing liquidity risk comprise cash and investments (treasury bills and fixed deposits).

(iii) Market risk

The University takes on exposure to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices. The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk. The Audit Committee is responsible for the development of detailed risk management policies and the Director of Internal Audit is responsible for the day-to-day implementation of those policies.

iv) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The positions of currencies held are monitored on a daily basis. The objective of monitoring the position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The University's policy to manage foreign exchange risk is to hold foreign currency bank accounts for foreign denominated transactions. The University's exposure results from the United States Dollar.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure (continued)

(iii) Foreign exchange risk (continued)

At 31 December 2022

	USD	GHS	Total
Assets			
Inventory		533,795	533,795
Accounts receivables and prepayments	-	2,927,846	2,927,846
Cash and cash equivalents	<u>223,683</u>	<u>6,265,441</u>	<u>6,489,124</u>
Total assets	<u>223,683</u>	<u>9,727,082</u>	<u>9,950,765</u>
Liabilities			
Accounts payable and accrued liabilities	-	2,283,435	2,283,435
Provision (separation)	-	29,198,915	29,198,915
Deferred income	=	<u>246,958</u>	<u>246,958</u>
Total liabilities	=	<u>31,729,308</u>	<u>31,729,308</u>
Net position	<u>223,683</u>	<u>(22,002,226)</u>	<u>(21,778,543)</u>

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure (continued)

(iii) Foreign exchange risk (continued)

At 1 January 2022

	USD	GHS	Total
Assets			
Inventory		1,446,015	1,446,015
Accounts receivables and prepayments	-	3,245,172	3,245,172
Cash and cash equivalents	<u>162,770</u>	<u>4,349,593</u>	<u>4,512,363</u>
Total assets	<u>162,770</u>	<u>9,040,780</u>	<u>9,203,550</u>
Liabilities			
Accounts payable and accrued liabilities	-	4,985,816	4,985,816
Provision (separation)	-	27,117,656	27,117,656
Deferred income	<u>-</u>	<u>263,781</u>	<u>263,781</u>
Total liabilities	<u>-</u>	<u>32,367,253</u>	<u>32,367,253</u>
Net position	<u>162,770</u>	<u>(23,326,473)</u>	<u>(23,163,703)</u>

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure (continued)

(iii) Foreign exchange risk (continued)

The University's principal foreign currency exposures are to the United States Dollar. The table below illustrates the hypothetical sensitivity of reported deficit to a 15% (1 January 2022 15%) decrease in the value of the Ghana Cedi against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 15% represents the Council's assessment of a reasonably possible change, based on historic volatility.

Cedi weakens by 15%	Impact on statement of financial performance	
	31-Dec-22	01-Jan-22
US Dollar	33,552	24,416

Year-end exchange rates applied in the above analysis are GHS 8.5803 (1 January 2022: GHS 6.0091) to the US dollar. The strengthening of the Ghana Cedi will produce symmetrical results.

NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

3. Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the exposure of current and future earnings to adverse changes in the level of interest rates. Interest rate risk is managed by borrowing in fixed rate and also using the large size of the University to negotiate for better rates. The University does not have any outstanding borrowings.

4 Fair value hierarchy

IPSAS 41 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the University's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities (for example, Ghana Stock Exchange).
- **Level 2** – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices). Short term investments of the University were valued using level 2 fair value hierarchy.
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. Property, plant and equipment of the University were valued using the level 3 fair value hierarchy.

This hierarchy requires the use of observable market data when available. The University considers relevant and observable market prices in its valuations where possible.

NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

5. Critical accounting judgments, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

5.1 Impairment of non-financial assets (cash-generating assets)

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact management's estimations and require a material adjustment to the carrying value of tangible assets. The University reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Cash-generating assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities.

If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value-in-use of tangible assets are inherently uncertain and could materially change over time.

The University reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that there may be a reduction in the future service potential that can reasonably be expected to be derived from the asset.

NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

5. Critical accounting judgments, estimates and assumptions (continued)

5.1 Impairment of non-financial assets (cash-generating assets) (continued)

Where indicators of possible impairment are present, the University undertakes impairment tests, which require the determination of the fair value of the asset and its recoverable service amount. The estimation of these inputs into the calculation relies on the use of estimates and assumptions. Any subsequent changes to the factors supporting these estimates and assumptions may have an impact on the reported carrying amount of the related asset.

5.2 Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

	2022
6. Government subvention and grants	
Government subvention	79,373,716
Grants and sponsorship	<u>1,041,466</u>
	80,415,182
7. Academic fees and other charges	
School fees	30,002,358
Hostel fees	2,402,176
Sale of admission forms	1,168,751
Other academic charges	<u>24,140</u>
	33,597,425
8. Miscellaneous income	
Interest income	616,352
Resit exams	686,192
Congregation	684,310
Income from production unit	369,167
Certificates	558,634
Miscellaneous	631,625
Bank interest	240,751
Late registration	186,500
Rental income	154,453
Exams registration	86,367
Insurance claims	61,159
Transcript	46,775
Mature Tuition	33,350
Hiring of Great Hall	19,510
introductory letter	12,780
Attestation	11,150
Tender document	10,900
Other income	41,125
Exchange gain	<u>20,263</u>
	4,471,363

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

9. Compensation of employees		2022
Salaries		71,433,006
Book and research allowance		6,366,506
Parallel programs and overload		3,226,933
Severance award		2,196,220
Sitting allowance		1,010,304
transport and night allowance		589,546
Non-HND Part time/part time		560,404
Project supervision		378,425
Long service award		159,000
MTech claims		133,685
Overtime allowance		73,540
Accident-free allowance		7,080
Acting allowance		<u>1,589</u>
		<u>86,136,237</u>
10 Use of goods and services		
Academic expenses	10a	1,696,766
Examination expenses	10b	2,320,356
Teaching costs	10c	24,544
Transportation expenses	10d	2,055,354
Repairs and maintenance	10e	2,297,686
Administrative expenses	10f	9,775,233
Financial expense	10g	18,246
Utilities	10h	2,163,806
Staff/Student facilities and amenities cost	10i	1,415,229
Production unit and restaurant expenses		<u>524,993</u>
		<u>22,292,213</u>
10 a. Academic expenses		
School Textbook		569,875
Technical exams unit		51,551
Periodicals & Newspapers		7,188
Chemicals And Consumables / Practicals		120,567
Other Teaching And Learning Materials		142,437
West Africa Examination Council		105,000
Laboratory Work		15,300
Students Industrial Attachment Follow Up		152,615
Assessment For Promotion		178,891
Laboratory Consumables		74,975
Reprographic Fee		59,225
Ghana Tertiary Education Commission (GTEC)		211,366
Research and innovation fund		<u>7,776</u>
		<u>1,696,766</u>

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

10. Use of goods and services (continued)	2022
b. Examination expenses	
Examination Expense	141,263
Stationery-Exams	222,632
Script Allowance	236,843
Invigilation Allowance	825,526
Exams Moderator's Allowance	135,550
Examination Consumables	29,900
External Assessor Allowance	4,724
COTVET (NABPTEX)	386,810
Student insurance claim	286,619
Binding expenses	<u>50,489</u>
	<u>2,320,356</u>
c. Teaching cost	
Short courses expenses	<u>24,544</u>
d. Transportation expenses	
Running costs of official vehicles	1,070,007
Maintenance of official vehicle	588,193
Vehicle insurance and related costs	239,180
Transportation expenses	<u>157,974</u>
	<u>2,055,354</u>
e. Repairs and maintenance expenses	
Facility maintenance	1,824,762
Software maintenance	432,819
Health and safety expenses	<u>40,105</u>
	<u>2,297,686</u>

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

10. Use of goods and services (continued)	2022
g. Administrative expense	
Office running costs	3,136,130
Official ceremonies and entertainment	1,033,040
Honorarium	812,492
Sanitation and sewage	712,817
Staff development	672,467
Consultancy fees	663,752
Recreational expense	542,419
Medical expenses	530,085
Overseas passage	367,773
Departmental training, seminars, workshop	277,810
Congregation expenses	243,726
Education subscription	165,511
Printing and publication	118,966
Other administrative expenses	108,401
Accommodation- hotel bill	101,765
Advertising costs	91,435
Departmental imprests	49,808
Cleaning material and security consumables	35,746
Uniform and protective clothing	34,836
Legal expenses	34,800
Matriculation	26,700
Conference expenses	<u>14,754</u>
	<u>9,775,233</u>
h. Financial expenses	
Bank charges	<u>18,246</u>
i. Utilities	
Internet service charges	1,124,844
Electricity Charges	703,694
Water Charges	10,761
Telephone Charges	55,496
Postage Charges	6,434
College Portal	<u>262,577</u>
	<u>2,163,806</u>
j. Staff/Student facilities and amenities cost	
Refund of SRC dues	1,415,229

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

11. Consumption of fixed assets		2022
Depreciation of property, plant and equipment	15	12,002,640
Amortization of intangible assets	14	<u>60,051</u>
		<u>12,062,691</u>
12 Social benefit		38,040
Donation		<u>53,375</u>
Student support		<u>91,415</u>
13 Other expenses		218,937
Insurance of staff and building		<u>859,005</u>
Impairment of receivable balances		<u>1,077,942</u>
14. Intangible assets		
<i>Year ended 31 December 2022</i>		
		Software
Cost		
At 1 January		547,389
Additions		<u>52,436</u>
At 31 December		<u>599,825</u>
Accumulated amortization		
At 1 January		463,956
Charge for the year		<u>60,051</u>
At 31 December		<u>524,007</u>
Net book value - At 31 December		<u>75,818</u>
Net book value at 1 January		<u>83,433</u>

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

15. Property, plant and equipment

Year ended 31 December 2022

	Land	Buildings & Structures	Furniture and Fittings	Motor Vehicle	Plant and Machinery	Office Equipment	Academic Gowns	WIP	Total
Cost/revaluation									
At 1 January	745,238	13,098,084	4,522,347	5,290,256	1,378,796	9,128,037	113,687	6,831,581	41,108,026
Restatement	<u>269,525,762</u>	<u>178,912,792</u>	=	=	=	=	=	=	448,438,554
Restated opening balance 1-Jan 2022	270,271,000	192,010,876	4,522,347	5,290,256	1,378,796	9,128,037	113,687	6,831,581	489,546,580
Additions	-	-	829,862	-	239,439	361,394	1,984	6,029,389	7,462,068
Disposal/Transfer	-	-	-	-	-	-	-	(13,500)	(13,500)
At 31 December Accumulated /Depreciation	<u>270,271,000</u>	<u>192,010,876</u>	<u>5,352,209</u>	<u>5,290,256</u>	<u>1,618,235</u>	<u>9,489,431</u>	<u>115,671</u>	<u>12,847,470</u>	<u>496,995,148</u>
At 1 January	-	4,122,726	2,788,613	3,624,105	1,138,414	7,677,621	88,201	-	19,439,680
Charge for the year	=	<u>9,888,850</u>	<u>528,589</u>	<u>592,328</u>	<u>89,792</u>	<u>893,277</u>	<u>9,804</u>	=	<u>12,002,640</u>
At 31 December	=	<u>14,011,576</u>	<u>3,317,203</u>	<u>4,216,433</u>	<u>1,228,206</u>	<u>8,570,898</u>	<u>98,005</u>	=	<u>31,442,320</u>
Net book value	<u>270,271,000</u>	<u>177,999,300</u>	<u>2,035,007</u>	<u>1,073,823</u>	<u>390,029</u>	<u>918,533</u>	<u>17,666</u>	<u>12,847,470</u>	<u>465,552,828</u>
At 1 January	270,271,000	187,888,150	1,733,734	1,666,151	240,382	1,450,416	25,486	6,831,581	470,106,900

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

16. Inventories	31 December 2022	1 January 2022 (Restated)
Stock items	<u>533,795</u>	<u>1,446,015</u>
17. Accounts receivables and prepayments		
Student debtors**	646,179	83,123
Staff advances	69,649	79,677
Staff loans	216,967	273,518
Advance to contractors	1,301,706	1,799,572
Project advances	277,463	635,499
Controller deductions	<u>415,881</u>	<u>373,783</u>
	<u>2,927,845</u>	<u>3,245,172</u>

*The movement on the impairment losses of student debtors is as follows

	2022
At January	375,287
Impairment charge for the year	<u>859,005</u>
At 31 December	<u>1,234,292</u>

18. Cash and cash equivalent

Cash at bank	5,000,756	3,213,728
Short-term investments	1,486,849	1,296,131
Cash on hand	<u>1,519</u>	<u>2,504</u>
	<u>6,489,124</u>	<u>4,512,363</u>

i. Classification as cash and cash equivalent

Short term investments are presented as cash equivalents if they have a maturity of three months or less from the date of investing and repayable on demand. See note 2.15 for the University's other accounting policies on cash and cash equivalents

ii. Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include **GHS 246,958** (1 January 2022: GHS 263,781) which are held by KsTU for specific donor activities. These funds are not available for general use by the University.

	31 December 2022	1 January 2022 (Restated)
19. Separation allowance provision		
Severance allowance	28,721,174	26,802,671
Disengagement allowance	<u>477,741</u>	<u>314,985</u>
	<u>29,198,915</u>	<u>27,117,656</u>

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

	31 Dec 2022	1 January 2022 (Restated)
20. Accounts payable and accrued liabilities		
Sundry creditors	1,259,573	4,276,726
Contract retention	990,952	658,329
Withholding tax	30,740	38,994
VAT withheld	<u>2,170</u>	<u>11,767</u>
	<u>2,283,435</u>	<u>4,985,816</u>
21. Deferred income		
CREK Project	129,804	211,001
Other projects	<u>117,154</u>	<u>52,780</u>
	<u>246,958</u>	<u>263,781</u>
22. Key management personnel remuneration		
<p>Key management personnel are defined as persons having authority and responsibility for planning, directing, and controlling the activities of KsTU and comprise the Council Members and Principal Officers. Below are benefits of key management personnel including the Vice-Chancellor, Pro-vice chancellor, Registrar, Director of Finance, Director of Internal Audit, Librarian and Director of Works and Physical Development</p>		
		31 December, 2022
Salaries and other employee benefits		2,063,896
23. Cash flows generated from operations		
		31 December 2022
Deficit for the year		(3,176,528)
Adjustments for:		
Depreciation and amortisation		12,062,691
Impairment of financial assets		859,005
Changes in working capital:		
Decrease in inventory		912,220
Increase in accounts receivables and prepayments		(541,678)
Increase in separation allowance provision		2,081,259
Decrease in accounts payable and accrued liabilities		(2,702,381)
Decrease in deferred income		<u>(16,823)</u>
Net cash flows generated from operations		<u>9,477,765</u>

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

24. Statement of Funds

24a. Accumulated fund

Year ended 31 December 2022

At 1 January (Note 24b(iii))	(1,411,924)
Deficit during the period	<u>(3,176,528)</u>
Balance at 31 December	<u>(4,588,452)</u>

24b. Transition from previous basis of accounting to IPSAS

The effect of the University's transition to IPSAS, described in note 2, is summarised below.

- (i) Transition elections;
- (ii) Reconciliation of net assets/equity as reported under previous basis of accounting to IPSAS; and
- (iii) Reconciliation of accumulated surplus/(deficit) as reported under previous basis of accounting to IPSAS.

(i) Transition elections

The University applied the following transition exemptions as given by IPSAS 33 to full retrospective application of IPSAS:

- Fair value as deemed cost; and
- No comparative figures reporting.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

24. Statement of Funds (continued)

24b. Transition from previous basis of accounting to IPSAS (continued)

(ii) Reconciliation of net assets/equity as reported under previous basis of accounting to IPSAS

	Note	Accumulated fund	Capital reserve	Total
Opening balance of net assets/equity as on January 1, 2022 reported under previous basis of accounting		24,062,692	-	24,062,692
Recognition of inventory	1	1,446,015	-	1,446,015
Recognition of student debtors	2	83,123	-	83,123
Recognition of production units	3	113,902	-	113,902
Recognition of separation allowance provision	4	(27,117,656)	-	(27,117,656)
Recognition of PPE at deemed cost in accordance with IPSAS 33	5	<u>-</u>	<u>448,438,554</u>	<u>448,438,554</u>
Restated opening balance of net assets/equity as on 1 January 2022		<u>(1,411,924)</u>	<u>448,438,554</u>	<u>447,026,630</u>

Explanation of the notes

1. This relates to adjustment to recognise inventory as at 1 January 2022.
2. This relates to adjustment to recognise student debtors as at 1 January 2022.
3. This relates to adjustment to initially recognise production units accounts as at 1 January 2022.
4. This relates to adjustment to recognise separation allowance obligations for all staff, including key officers, as at 1 January 2022.
5. The University applied deemed cost as permitted by IPSAS 33 in measuring PPE as cost information as at 1 January 2022. As a result, it recognised a revaluation surplus of GHS 448,438,554 increasing carrying amount to GHS 470,106,900 as at 1 January 2022.

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NOTES (continued)

(All amounts are in Ghana Cedis unless otherwise stated)

24. Statement of Funds (continued)

24b. Transition from previous basis of accounting to IPSAS (continued)

(iii) Reconciliation of accumulated surplus/deficit as reported under previous basis of accounting to IPSAS

Reconciliation of surplus/deficit on January 1, 2022

	Accumulated Fund
Balance at 1 January under previous bases of account	24,062,692
Recognition of inventory	1,446,015
Recognition of student debtors	83,123
Recognition of production units	113,902
Recognition of separation allowance provision	<u>(27,117,656)</u>
Restated opening balance of accumulated surplus as at 1 January 2022	<u>(1,411,924)</u>

25. Contingent liabilities

There were no contingent liabilities as at 31 December 2022

26. Comparative information

As permitted by IPSAS 33, the University has not presented comparative information on the first-time adoption of accrual basis IPSAS. However, the University has restated the statement of financial position of the prior period (31 December 2021) as its opening financial position as at 1 January 2022 in accordance with IPSAS 33. This should not be considered as comparative information. Comparative information will be presented for all years in subsequent financial statements.

27. Subsequent events

The Council is not aware of any other material events that have occurred between the date of the statement of financial position and the date of this report.