



2023 ANNUAL REPORT

Committed to Excellence



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Provisions of the Public Accountants and Auditors Act S26 - 28



Committed to Excellence

ICAM THE INSTITUTE OF
CHARTERED ACCOUNTANTS
IN MALAWI

For more details please contact ICAM on

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About ICAM

The Institute of Chartered Accountants in Malawi is a Professional Accountancy Organisation (PAO) responsible for maintaining at all times the highest professional standards in accountancy, through education and training for the benefit of business, government and the nation at large.

Vision

A chartered accountant in every organization in Malawi.

Mission

Promote the development of the accountancy profession in Malawi through the provision of globally recognized qualification and training and advocate for issues of public interests for the benefit of students, members, government and others

Values

Customer Centric

We understand customers' situations, perception and expectations.

Leadership

We develop and empower leaders.

Integrity

We know and do what is right with professionalism and fairness

Diversity

We respect and appreciate differences in age, gender, ethnicity, education physical abilities, race and religion amongst individuals.

Adaptability

We positively respond to change.

Transparency

We promote honest and open communication.

Accountability

We are responsible for our words, our actions and our results.

Vision Slogan

Committed to Excellence



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LIST OF ACRONYMS

AGM	Annual General Meeting
CAW	Chartered Accountants Worldwide
CPD	Continuous Professional Development
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAEW	Institute of Chartered Accountants in England and Wales
ICAM	Institute of Chartered Accountants in Malawi
ID	Identity card
IESBA	International Ethics Standards Board of Accountants
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
MAB	Malawi Accountants Board
PAFA	Pan African Federation of Accountants
PQ	Professional Qualification
SOCAM	Society of Accountants in Malawi

The Institute has a robust governance structure as follows:

1. Council

The Council comprises fourteen members and is led by a President. The members include four practitioners, six non practicing members, one member representing the diplomats, two from the academia, Accountant General and Auditor General.

All Council members except the ex-officios (Auditor General and Accountant General are voted into office by the members at the Annual General Meeting (AGM). The term of office for Council members is 3 years subject to a cap of 2 terms i.e. 6 years.

The Council elects one of their own as President. Likewise, the Council elects a Vice President. The term of office for a President is one year subject to renewal. The maximum term for the presidency is two years.

The decisions of the Council are aided by Technical Committees. Ten Technical Committees exist namely:

1. Audit
2. Human Resources
3. Technical Standards
4. Disciplinary
5. Ethics and Investigations
6. Assurance Governance
7. Public Sector
8. Admissions, Membership and CPD
9. Examinations
10. Nominating

The AGM is the highest decision making body within the Institute. The Council acts as the executive of the Institute. The Council supervises the secretariat and monitors the performance of Management.

The secretariat is headed by the Chief Executive Officer who is supported by three directors and these are Director of Technical and Membership Services, Director of Education and Training and Director of Corporate Services.



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President's report

2023 OUTLOOK

The year 2023 was marked by significant global and national economic challenges. Organizations and countries worldwide, including Malawi, faced economic pressure.

High inflation, reduced demand, soaring shipping costs, and escalating petroleum prices created a difficult environment for business operations. The ongoing Ukraine-Russia conflict, coupled with instability in the Middle East, further exacerbated these underlying issues.

Malawi, as part of the global economy, was not exempted and being a net importer, the country was particularly vulnerable to these external shocks. The impact of Cyclone Freddy added further strain, with the IMF downgrading Malawi's growth projections to 1.7% from 2.4%. Inflation was forecasted to reach 24.8%, up from 22.7%. The primary challenge remained the execution of the FY23/24 budget to avoid fiscal slippages, along with risks such as further weather-related shocks and fluctuations in food, fuel, or fertilizer prices.

As a result, 2023 saw subdued government spending and limited business opportunities across Malawi, leading to lower economic activity. This also affected participation in and support for ICAM's initiatives. In spite of this, 2023 became a turning point for the Institute during a period of financial recovery from the aftereffects of the COVID-19 era and beyond. Navigating through a difficult economic landscape, ICAM displayed resilience and strategic foresight, achieving a notable surplus of MK 181 million, a significant improvement from the deficit of MK 106 million recorded in 2022.

STAKEHOLDER ENGAGEMENT

One of ICAM's key mandates is to be the voice of the accountancy profession at all levels of society. We cherish the strong relationships we have cultivated across the public, private, NGO, and other sectors of the economy. These partnerships are essential for assisting Malawi's economic recovery and driving progress toward the goals set out in Malawi Vision 2063.

In 2023, the institute participated in National Budget Consultative meetings at which it made recommendations for the 2023/2024 National Budget. It was also involved in the continuing dialogue on economic matters and recently encouraged Government to proceed with implementing tax stamps in a broader import tax regime having a robust control environment. We have also given guidance on the current irrelevance of hyperinflationary reporting following unauthoritative fears of excessive inflation along the way.

Stakeholder engagement remains a priority of the Institution. The involvement of the Institute in economic, financial, and taxation issues enhances the importance and credibility of the Institute to the Malawian economy. The vital professional opinions that were solicited from members on the National Budget, Taxation Policy, RBM Reports, etc. vastly enhance the improvement of financial prudence of the economy.

Of worth noting, the Institute advised the Malawian Government on issues of good corporate governance. The Institute recommended good fiscal prudence and encouraged government to broaden the tax base with the objective of decreasing the total tax rates in the long term; and various notices were provided to members to improve corporate gover-



CA. Moffat D Ngalande, CISA, CGEIT, ACCA, CA (M)

ICAM President

nance generally.

We engaged the Central bank, Malawi Revenue Authority and other government ministries agencies and departments to ensure that the profession remains not only well regulated but also well supported by the various stakeholders. This is because the accountancy profession belongs to and benefits all stakeholders and because improved regulation and compliance is a concerted effort for all stakeholders.

Despite the economic challenges Malawi faced in 2023, the Institute took a proactive approach by advising and recommending ways to ensure organizations quickly adapt. To secure survival and provide foundations for turning around the economy, the Institute continued to emphasize good stewardship, accountability, and credible reporting leading to quality decision-making for the government and private sectors.

THE EVOLUTION OF THE ACCOUNTANCY PROFESSION

Artificial intelligence (AI) is a work in progress that accountants are watching very carefully as a potential tool for shifting their workloads and gaining efficiency.

As more transactional work becomes automated, accountants will need to develop different skills to apply their expertise to information and data generated from new technology and play a role in more of the business strategy. Cloud-based accounting software, budgeting, forecasting, data analytics, and visualization tools are building some of the foundations for automation in accounting.

Secondly, applying changes in tax laws is a perennial concern for accounting teams, especially because effectively navigating the tax law changes is a must. Keeping up with the revolving door of regulations and legislation is paramount for those both in private and public sectors.

In addition, in recent years, the accounting profession has seen its share of changes in accounting standards. It is no secret that adopting new accounting standards comes with its challenges and the need to adjust how financial statements are arrived at.

Furthermore, professionals must adhere to new auditing standards. These standards include Sustainability Reporting whose webinars were hosted by PAFA and is promoting an improved way the audit report is presented. Auditors are also called for enhanced collaboration among themselves and managers charged with governance, and prescribed additional audit procedures for related party transactions.

MEMBERSHIP GROWTH

Membership grew from 2,892 to 3,288 in 2023, driven by value-adding activities, effective marketing, and lobbying efforts.

ICAM plans to engage dormant members in 2024 and will continue leveraging our brand equity to promote patriotism among members and organizations.

STUDENTSHIP

Student enrollment slightly decreased from 3,189 to 2,954. ICAM is actively working to counter the competition from private and public universities by improving enrollment figures. We have recently introduced the Student Accountant Credential™ aimed at extending ICAM membership to all accountancy students regardless of whether or not they are pursuing ICAM qualifications. We believe this will increase awareness of the benefits of ICAM membership and strengthen our Brand through a vibrant student chapter and its activities.

We are collaborating with ICAEW and other stakeholders to enhance pass rates and dispel the myth that ICAM exams are excessively difficult. By maintaining high international standards, ICAM ensures that its qualifications remain globally competitive.

In 2023, ICAM provided extensive training for tutors, examiners, and markers to improve the quality of service delivery. Special focus was placed on supporting tutors at the Professional and Advanced levels of the Chartered Accountant program.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

In 2023, ICAM collaborated with international bodies to offer a series of free webinars, providing valuable insights to our members.

Additionally, we organized workshops and training on key topics such as IFRSs, taxation, and organizational planning to ensure members stay up-to-date with emerging trends and changes in the profession.

These activities provided members with opportunities to fulfill their CPD requirements and stay in good standing. Tailor-made events were also organized for various sectors within the accountancy profession.

PROJECTS

ICAM is committed to improving service delivery. In 2023, we continued pursuing the full implementation of the ICAMIS system with our contracted vendor, which we believe will enhance membership enrollment. Going forward, ICAM shall be exploring other ways of fully digitizing its processes. There is evident progress in this area.

The Mandala Project II, however, has been postponed until a strategic equity partner is identified.

We are also exploring the reorganization of the ICAM Investment Vehicle as a potential alternative to funding Mandala Project II.

LOOKING AHEAD

The year 2023 was challenging for every institution and organization except a few sectors in the economy.

Despite navigating a challenging economic landscape, the Institute demonstrated resilience and prudence. Malawi's economy faced headwinds due to currency devaluation, rising inflation, and increasing costs for commodities which dampened economic activities and demand.

African Development Bank projects economic growth of 3.3% in 2024 and 3.8% in 2025 due to the negative impact of drought on agriculture. It predicts that growth will be driven by the mining, retail, and tourism sectors. Inflation is projected to remain elevated due to a poor agricultural season.

In 2024-25 the economy will remain saddled with still-high inflation (albeit declining), and exchange-rate instability (following a large currency devaluation of 44% in late 2023). The expected impact of the El Niño weather event in early 2024 will weigh on agriculture, but growth will accelerate, driven by development finance (towards infrastructure), which will be catalyzed by an IMF extended credit facility that was approved in late 2023. The government is pursuing debt restructuring to keep funding taps open. Endemic corruption, a rising rate of poverty, and limited economic opportunities (Economist Intelligence Unit, 2023).

The outlook for 2024 is mixed and unpredictable, particularly with high inflation and economic growth projections. The high cost of doing business remains a concern, underscoring the need for decisive economic strategies to promote export-driven activities.

CONCLUSION

As I conclude, I would like to express my sincere appreciation to all ICAM members, the Council, Management, and our valued stakeholders for their unwavering support throughout my term. Togetherness has been the foundation of our Institute, and I urge us all to continue fostering this unity as we navigate the challenges ahead.



CA. Moffat Ngalande
ICAM President

ICAM Council Members



CA. Moffat Ngalande
President



CA. Daniel Jere
Vice President

Past Presidents

2013 - 2014	CA. William Matambo
2014 - 2016	CA. Chiwemi Chihana
2016 - 2018	CA. Henry Chowawa
2018 - 2020	CA. Bwighane Joel Mwenelupembe
2020 - 2022	CA. Phyles Kachingwe



CA. Victoria Munkhondya
Chair of Audit Committee



CA. MacDonald Kamoto



CA. Maggie Kasambara



CA. Delvin Khongono
Chair of ICAM Investments



CA. Alfred Mtetemera



CA. Dalitso Gadama
Chair of Examinations Committee



CA. Martin Msimuko



CA. Mary Ching'ang'a



Pamela Mubbunu, Dip.



Hilda Honde, Dip
Chair of HR Committee.



CA. Thomas Makiwa
Auditor General
Ex officio



CA. Henry Mphasa
Accountant General
Ex officio



CA. Noel Zigowa
Chief Executive Officer



CA. Charles Chimpeni
Director of Technical and Membership Services



Chrissie Jere
Director of Education and Training



CA. Zaithwa Phambana
Director of Corporate Services



FINANCIAL PERFORMANCE

The year 2023 marked a significant financial recovery period for the Institute.

Despite navigating a challenging economic landscape, the Institute demonstrated resilience and strategic acumen. Malawi's economy faced headwinds due to currency devaluation, rising inflation, and increasing costs for commodities and shipping on the global stage, which dampened economic activities and demand.

In response, the Institute adopted a prudent approach, achieving a notable surplus of MK 172 million, a significant improvement from the deficit of MK 106 million recorded in 2022.

The Institute capitalized on improving goodwill by ensuring that members get value for money, leveraging it to boost participation in conferences, training, and other CPD events.

Membership also saw growth, rising to 3,288 from 2,892, driven by the value-adding activities, effective marketing, and lobbying efforts undertaken throughout the year.

Due to stiff competition from private colleges and the introduction of public universities with more degree programs, the student enrolled figures decreased from 3,189 to 2,954. The institute is working tirelessly to grow the enrollment figures.

PROFESSIONAL BODIES PARTNERSHIP & COLLABORATION

ICAM's membership in esteemed bodies such as IFAC, PAFA, and CAW has significantly enhanced the Institute's brand equity.

This affiliation has strengthened our relationships with stakeholders, elevating our prominence in both public and private sectors, and reinforcing our role as a vibrant voice for our members.

Throughout the year, these international bodies collaborated with the Institute to offer a series of free webinars, providing ICAM members with valuable insights.

Additionally, the Institute conducted refresher training and workshops on key topics such as IFRSs, Taxation Master Class, and Organizational Planning, ensuring our members remain at the forefront of the profession.

THE JOURNEY TO RECOVERY

The remarkable recovery of the Institute in 2023 can be largely attributed to the dedication and sacrifice of our Secretariat team.

The combined efforts of the membership, education and training, finance, marketing, and other support teams were instrumental in driving the Institute's recovery.

The Institute had to adopt austerity measures as well as collaboration with third party service providers that brought in automation of the Lake Conference registration process and all related logistics. This approach yielded the much needed dividends.

In 2023, our staff complement stood at 27, with a gender distribution of 52% male and 48% female, and an age range of 26-55 years.

CONTRIBUTION FROM COUNCIL

The Institute is deeply grateful for the invaluable guidance and timely support provided by the Council.

Their commitment created an enabling environment that ensured continuity and stability, safeguarding the Institute's status as a going concern.

The various committees within the Institute were also very pivotal in maintaining our relevance to all stakeholders, fulfilling our mandate to manage our members effectively and to be a strong voice for the accountancy profession.

PROJECTS

The Institute is actively pursuing the full implementation of the ICAMIS system with our contracted vendor, despite challenges faced. We are surmounting the challenges together.

Additionally, the Mandala Project II has been postponed until our a strategic equity partner is identified.

However, the Institute is exploring the re-organisation of the ICAM Investment Vehicle as a potential alternative to funding the Mandala Project II.

EDUCATION & TRAINING

As part of the service to its members and the public, the Institute remains committed to advancing several key educational projects as follows:

1. Tailor-made degree programs in collaboration with MUBAS, UNICAF, MCA, CUNIMA, and MSG.
2. The CA qualification is 10 years old and a proposal has been developed to Evaluate the CA qualification to establish what has and has not worked in current model and establish the way forward.
3. Training of accountants in main civil service in conjunction with Malawi School of Government as part of capacity building in smooth implementation of International Public Sector Accounting Standards.
4. Development of a Practical Work Experience (PWE) curriculum.
5. Continued career talks and support for students.

THE FUTURE

The financial performance in 2023 signals ICAM's strong commitment to maintaining its status as a going concern.

The future looks promising, with focus on implementing the following:-

- a. Revamping members' Customer Value Proposition (CVP): The Institute is working with strategic partners to come up with a comprehensive CVP that fits the calibre of a profession that is held in high esteem
- b. Continuously investing in ICT: The Institute is committed to serving its members with excellence and there is a plan to revamp all the services through digitization
- c. Rolling out the Initial Professional Development for student accountants and Practical Work Experience for newly qualified accountants is planned for 2025
- d. The Institute shall be working on developing the Strategic plan for 2025-2027 that is all inclusive and responsive to the professional trends.

The Practical Work Experience project, with its curriculum already developed and validated will be a significant enhancement for both members and students. Whilst the Chartered Accountant Qualification is facing some challenges, the students that have completed the Chartered Accountant Levels reflects our dedication to investing in and growing the local qualification. The Institute has embarked on a CA Qualification review so that the syllabi is responding to the needs of the economy and the region as well as Africa at large.

The Institute looks forward to the support and commitment of its members to the professional values and is very upbeat to serve the profession and the general public with the highest level of integrity.



CA. Noel Zigowa
Chief Executive Officer

THE YEAR IN PICTURES



Examiners and markers training



IFRS training



New members induction



2023 Lake Conference Guest of Honour poses for a group photo with some ICAM Council members, management and ZICA delegates



A cross section of Lake Conference delegates keenly following proceedings



Partnership cheque presentation by APL



Best students' awards presentation ceremony

**THE INSTITUTE OF CHARTERED
ACCOUNTANTS IN MALAWI**

**CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS**

31 DECEMBER 2023

**COUNCIL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

1. Incorporation

ICAM was incorporated as a company limited by guarantee on 23 August 2013 arising from the merger of the Society of Accountants in Malawi (SOCAM) and the Public Accountants Examination Council (PAEC).

2. Principal group activities of the Institute

The objectives, functions and powers of the Institute are provided in Section 40, 41 and 42 of the Public Accountants and Auditors Act (No.5 of 2013).

The principal group activities of the Institute include; inter alia:

- Promoting the development of the accountancy profession;
- Ensuring that members of the Institute obtain necessary technical and ethical guidance that enable them to meet the needs of the community in areas in which they have special knowledge and expertise;
- Developing professional qualifications for accountants and auditors in Malawi;
- Setting accounting and auditing standards appropriate to conditions prevailing in Malawi with international acceptance of audited financial statements originating in Malawi.
- General investments by way of acquisition of property and other commercial activities;
- Investments in the primary and secondary markets;
- To carry out related activities in support of aforementioned activities.

As at 31 December 2023 the Institute had 6,422 members comprising of 3,288 professional members and 3,134 students (2022: 6,081 comprising 2,892 professional members and 3,189 students) on its register.

3. Financial performance

The group presented a consolidated surplus for the year of K172.5 million and a separate surplus of MK179.8 million (2022 restated: consolidated deficit of K106 million and a separate deficit of K98 million). Total reserves were K1,002.3 billion for the group and MK1,017.2 billion for separate as at 31 December 2023 (2022 restated: K854 million for the group and K862 million separate). The current liabilities exceeded the current assets by K323.4 million for the group and MK308.5 million for separate as at 31 December 2023 (2022 restated: K571.2 million for the group and K563.6 million separate). Performance between 2022 and 2023 shows tremendous improvement based on the strategies the group has put in place to achieve turnaround. As such, the Council is of the view that the group is a going concern for the foreseeable future. The preparation of the financial statements on a going concern basis is therefore appropriate.

4. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**COUNCIL REPORT-CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. Council members

The Council members of the Institute during the year were as follows:

Name	Committee Served	Period served
CA. Moffat Ngalande - President	Examinations	January to December 2023
CA. Daniel Jere (Vice President)	Examinations/HR	January to December 2023
CA. Victoria Munkhondya	Audit	January to December 2023
CA. Dalitso Gadama	Examinations/HR	January to December 2023
Mrs. Hilda Honde	HR	January to December 2023
CA. Maggie Kasambara	Audit/ Assurance Governance	January to December 2023
CA. Martin Msimuko	Audit/HR/Examinations	January to December 2023
CA. Alfred Mtetemera	Examinations/HR	January to December 2023
CA. Delvin Khongono	Audit/HR	January to December 2023
CA. Macdonald Kamoto	Audit/Technical Standard	January to December 2023
CA. Mary Ching'ang'a	Examination	January to December 2023
Ms. Pamela Mubbunu	HR/Membership Admissions	January to December 2023
The Accountant General (Ex officio)	Audit/HR	January to December 2023
The Auditor General (Ex officio)	Audit	January to December 2023

6. Secretary

CA. Charles Chimpeni	January to June 2023
CA. Noel Zigowa	July to December 2023

7 Registered office and principal place of business

ICAM House
Plot No BE431, Chipembere Highway
P.O. Box 1
Blantyre
Malawi

8 Independent auditor

Graham Carr
P.O. Box 1411
Blantyre

Graham Carr have completed their second 5-year audit cycle in the office. There will be need for recruitment of a new Auditor for the 2024 audit services.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

**COUNCIL REPORT-CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2023**


9 Bankers

National Bank of Malawi
Victoria Avenue Service Centre
P.O. Box 947
Blantyre

First Capital Bank
Blantyre First Corporate Service
Private Bag 122
Blantyre

10 Legal advisers

PFI Partnership
P.O. Box 2688
Blantyre



President



Chairperson- Audit Committee

**STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2023**

The Council members are required by the Malawi Companies Act 2013, to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the Consolidated and separate financial statements give a true and fair view of the state of affairs of the group as at the end of the financial year and of the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS).

The consolidated and separate financial statements are prepared in accordance with IFRS and are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council members acknowledge that they are ultimately responsible for the system of internal control established by the Council and place considerable importance on maintaining a strong internal control environment. To enable the Council members meet these responsibilities, the Council sets minimum standards for internal control aimed at reducing risks in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are maintained at all levels in the group and all employees are required to maintain the highest ethical standards in ensuring that the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While risk cannot be fully eliminated, the group endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council members believe that the system of internal control provides a reasonable basis for the preparation of the financial statements.

The going-concern basis has been adopted in preparing the group's consolidated and separate financial statements. The Council members have reviewed the group's strategic plan for the year to 31 December 2024 and the current financial position; they are satisfied that the group will continue in operational existence for the foreseeable future. The Council is aware of the challenges that have resulted in the group to report a net current liability position in the current year and has put in place measures to turn around the situation. Some of the strategies that have been put in place include the following:

- Remodel the training approach by introducing practical elements in the training, and increasing training durations.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES-CONTINUED FOR THE YEAR ENDED 31 DECEMBER 2023

- CPD trainings are to be conducted in all the three regions, with a possible extension to districts.
- Conduct free CPD trainings for paid-up members.
- Set up a forum for job opportunities and consultancy assignments.
- Conduct membership recruitment drive in conjunction with the Malawi Accountants Board (MAB).
- Conduct career talks for prospective CIFA and Technician students targeting secondary students
- Produce promotional materials (leaflets, brochures, pens, and notepads).
- Have active media presence (all media channels based on understanding of behaviors of the targeted group. For example, Facebook ads and other electronic adverts, radio jingles etc.

The independent auditor is responsible for auditing the consolidated and separate financial statements of the group in accordance with International Standards on Auditing and expressing an opinion on whether the financial statements give a true and fair view of the financial position and performance of the group in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2013 of Malawi. The auditor's independent report is on pages 6 to 8.

The consolidated and separate financial statements set out on pages 9 to 36 were authorized for issue by the Council on 20 August 2024 and are signed on its behalf by:



President



Chairperson- Audit Committee

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI**ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****Opinion**

We have audited the consolidated and separate annual financial statements of the Institute of Chartered Accountants in Malawi, which comprise the statement of financial position as at 31 December 2023, and the statement of surplus or deficit, the statement of changes in reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Institute of Chartered Accountants in Malawi as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 2013.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 26 in the financial statements which indicates that the current liabilities exceeded the current assets by K323.4 million for the group and K308.5 million for the Institute as at 31 December 2023 (2022 restated: K571.2 million for the group and K563.5 for the Institute). Furthermore, the group reported a consolidated surplus of K172.5 million and K179.8 million for the Institute for the year ended 31 December 2023 (2022, restated: consolidated deficit of K106 million and K98 million for the Institute). As stated in note 26, these events or conditions, along with other matters as set forth in note 26, indicate that a material uncertainty exists that may cast significant doubt on the Institute's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

- 6 -

Audit . Tax . Advisory

Partners: Martha Nyirongo Mrs, Cornwell Banda, Julius Gondwe

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI**ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****Responsibilities of the Council for the financial statements**

The Council is responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in a manner required by the Companies Act 2013 and for such internal control as Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Council is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF**

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

**ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Auditor's responsibilities for the audit of the financial statements - continued

- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Graham Carr
Chartered Accountants (Malawi)
Cornwell Banda

Date: 26 August 2024

Audit . Tax . Advisory

Partners: Martha Nyirongo Mrs, Cornwell Banda, Julius Gondwe



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THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI


CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Figures in thousands of Malawi Kwacha

	Note	Group		Institute	
		2023	2022 Restated	2023	2022 Restated
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,309,220	1,408,487	1,294,388	1,393,655
Right-of-use-assets	7	73,614	94,785	73,614	94,785
Investment in subsidiary	8	-	-	14,832	14,832
Total non-current assets		1,382,834	1,503,272	1,382,834	1,503,272
Current assets					
Inventories	9	-	2,076	-	2,076
Receivables	10	65,900	60,801	65,900	60,801
Related party receivables	11	-	-	14,920	7,200
Cash and cash equivalents	12	39,513	20,187	39,513	20,187
Total current assets		105,413	83,064	120,333	90,264
Total assets		1,488,247	1,586,336	1,503,167	1,593,536
RESERVES AND LIABILITIES					
Reserves					
Special project reserve		1,000,256	1,024,876	1,000,256	1,024,876
Accumulated surplus/(deficit)		2,059	(170,008)	16,979	(162,808)
Total reserves		1,002,315	854,868	1,017,235	862,068
Non-current liabilities					
Lease liabilities	13	57,071	77,636	57,071	77,636
Current liabilities					
Lease liabilities	13	20,764	19,213	20,764	19,213
Payables	14	408,097	634,619	408,097	634,619
Total current liabilities		428,861	653,832	428,861	653,832
Total liabilities		485,932	731,468	485,932	731,468
Total reserves and liabilities		1,488,247	1,586,336	1,503,167	1,593,536

The consolidated and separate financial statements were authorized for issue by the Council on 20 August 2024 and were signed on its behalf by :



President



Chairperson- Audit Committee

The notes on pages 13 to 40 form part of these financial statements
Independent Auditor's Report - Page 6 to 8

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

CONSOLIDATED AND SEPARATE STATEMENTS OF SURPLUS AND DEFICIT FOR THE YEAR ENDED 31 DECEMBER 2023

Figures in thousands of Malawi Kwacha

	Note	Group		Institute	
		2023	2022 Restated	2023	2022 Restated
Revenue					
Revenue from members	15	1,840,644	1,419,563	1,840,644	1,419,563
Revenue from examinations	16	397,004	406,567	397,004	406,567
Total revenue		2,237,648	1,826,130	2,237,648	1,826,130
Direct expenses					
Members' expenses	17	783,509	673,247	783,509	673,247
Examinations expenses	18	185,948	215,882	185,948	215,882
Total direct expenses		969,457	889,129	969,457	889,129
Net revenue for specific purposes	19	-	424	-	424
Sundry income	20	88,182	65,789	88,182	65,789
Total sundry income		88,182	66,213	88,182	66,213
Surplus before operating expenses		1,356,373	1,003,214	1,356,373	1,003,214
Operating expenses					
MAB fees	21	121,462	109,333	121,462	109,333
Administration expenses	22	401,591	404,079	401,541	404,079
Committee and council expenses	23	7,839	19,968	7,369	19,968
Personnel expenses	24	627,759	556,979	620,559	549,779
Total operating expenses		1,158,651	1,090,359	1,150,931	1,083,159
Surplus/(deficit) before financing income and costs		197,722	(87,145)	205,442	(79,945)
Finance income and costs					
Exchange loss		(30,892)	(12,016)	(30,892)	(12,016)
Interest expense on lease liabilities		(19,641)	(16,744)	(19,641)	(16,744)
Interest income	25	24,878	10,665	24,878	10,665
Surplus/(deficit) for the year		172,067	(105,240)	179,787	(98,040)

The notes on pages 13 to 40 form part of these financial statements

Independent Auditor's Report - Page 6 to 8

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

**CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2023**

Figures in thousands of Malawi Kwacha

Group	Special project reserve	Accumulated deficit	Total
Balance at 01 January 2022	1,049,726	(64,768)	984,958
Amortization	(24,850)	-	(24,850)
Deficit for the year	-	(105,240)	(105,240)
Balance at 31 December 2022 - as restated	1,024,876	(170,008)	854,868
Balance at 1 January 2023	1,024,876	(170,008)	854,868
Amortization	(24,620)	-	(24,620)
Surplus for the year	-	172,067	172,067
Balance at 31 December 2023	1,000,256	2,059	1,002,315
Institute	Special project reserve	Accumulated deficit	Total
Balance at 1 January 2022	1,049,726	(64,768)	984,958
Amortization	(24,850)	-	(24,850)
Deficit for the year	-	(98,040)	(98,040)
Balance at 31 December 2022	1,024,876	(162,808)	862,068
Balance at 1 January 2023	1,024,876	(162,808)	862,068
Amortization	(24,620)	-	(24,620)
Surplus for the year	-	179,787	179,787
Balance at 31 December 2023	1,000,256	16,979	1,017,235

The notes on pages 13 to 40 form part of these financial statements

Independent Auditor's Report - Page 6 to 8

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Figures in thousands of Malawi Kwacha

	Note	Group		Institute	
		2023	2022 Restated	2023	2022 Restated
Cash flow from operating activities					
Surplus/(deficit) for the year		172,067	(105,240)	179,787	(98,040)
Adjustment for:-					
Depreciation	6	123,678	60,317	123,678	60,317
Amortization income of special project reserve		(24,620)	(24,850)	(24,620)	(24,850)
Interest received	25	(24,878)	(10,665)	(24,878)	(10,665)
Interest paid		19,641	16,744	19,641	16,744
Loss/(profit) on disposal of property, plant and equipment		(8,550)	331	(8,550)	331
Net operating cash flows before movements in working capital		257,338	(63,363)	265,058	(56,163)
Decrease in inventories		2,076	7,578	2,076	7,578
(Increase)/decrease in receivables		(5,098)	7,057	(5,098)	7,057
Increase in amount due from related party		-	-	(7,720)	(7,200)
(Decrease)/increase in payables		(226,522)	95,015	(226,522)	95,015
Net cashflows generated from operating activities		27,794	46,287	27,794	46,287
Investing activities					
Interest received	25	24,878	10,665	24,878	10,665
Purchases of plant and equipment	6	(4,987)	(81,418)	(4,987)	(81,418)
Proceeds from disposal of plant and equipment		10,295	2,850	10,295	2,850
Net cash from/(used) in investing activities		30,186	(67,903)	30,186	(67,903)
Financing activities					
Addition of lease liabilities		-	76,710	-	76,710
Repayment of lease - Capital		(19,013)	(34,077)	(19,013)	(34,077)
-Interest on lease payment		(19,641)	(16,744)	(19,641)	(16,744)
Net cash (used in)/generated from financing activities		(38,654)	25,889	(38,654)	25,889
Net increase in cash and cash equivalents		19,326	4,273	19,326	4,273
Cash and cash equivalents at the beginning of the year		20,187	15,914	20,187	15,914
Cash and cash equivalents at the end of the year	12	39,513	20,187	39,513	20,187

1 GENERAL INFORMATION

1.1 Incorporation

The Institute of Chartered Accountants in Malawi (ICAM) was incorporated as a company limited by guarantee on 23 August 2013 arising from the merger of the Society of Accountants in Malawi (SOCAM) and the Public Accountants Examination Council (PAEC), and the ICAM Investment Limited was incorporated under the Companies Act, No. 15 of 2013 as a Private company Limited by Shares on 01 August, 2022

1.2 Restatement on 2022 financial statements

In the 2022 financial year, prior to the incorporation of ICAM Investments, on 01 August 2022, ICAM incurred capital expenditure for the construction of ICAM Investment Limited, building, personnel, committee and council expenses. The costs were previously, recognised as capital work in progress and operating expenses in ICAM. Therefore, a restatement has been done to the financial statements to reflect adjustments to the prior year in respect of accumulated deficit, property plant and equipment, and receivables, respectively, as disclosed on note 32 to the financial statements.

2 BASIS OF PREPARATION

These consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Malawi Companies Act, 2013 . These financial statements have also been prepared on the historical cost convention basis as modified by the revaluation of financial assets and liabilities.

The Group has prepared its consolidated and separate financial statement on the basis that it will continue to operate as a going concern.

The consolidated and separate financial statements are presented in Malawi Kwacha (K) and all values are rounded to the nearest thousand Kwacha, except when otherwise indicated. The principal accounting policies adopted are set out below:-

The preparation of the consolidated and separate financial statements is in conformity with IFRS which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

3.1 Standards and interpretations affecting figures reported and disclosed in the financial statements

In the current year, the group has adopted new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the Institute's operations and are effective for annual reporting periods beginning 1 January 2023. The changes did not have a material impact on the Institute's financial performance.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - CONTINUED

3.1 Standards and interpretations affecting figures reported and disclosed in the financial statements - continued

In the current year, the group has adopted new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the Institute's operations and are effective for annual reporting periods beginning 1 January 2023. The changes did not have a material impact on the Institute's financial performance.

New and revised IFRSs adopted

<i>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies</i>	The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.
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<i>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies</i>	The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
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The amendments have had an impact on the Group's disclosures of the accounting policies, but not on the measurement of any items in the Group's financial statements.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) - CONTINUED

3.1 Standards and interpretations affecting figures reported and disclosed in the financial statements (continued)

New and revised IFRSs adopted (continued)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders’ options and guarantees. The group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The group is exempt from income tax in terms of paragraph b(iii) of the First Schedule to the Taxation Act, Due to the nature of its business.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) - CONTINUED

3.1 Standards and interpretations affecting figures reported and disclosed in the financial statements (continued)

New and revised IFRSs adopted (continued)

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The group is exempt from income tax in terms of paragraph b(iii) of the First Schedule to the Taxation Act, Due to the nature of its business.

3.2 Standards and Interpretations in issue not yet adopted

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current- (continued).

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

**3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)
(CONTINUED)**

3.2 Standards and Interpretations in issue not yet adopted-continued

Standards and Interpretations in issue not yet adopted

*Amendments to IAS 1
Presentation of Financial
Statements—Classification
of Liabilities as
Current or Non-current-
(continued).*

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

*Amendments to IAS 1
Presentation of Financial
Statements—Non-
current Liabilities with
Covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

*Amendments to IAS 7
Statement of Cash Flows
and IFRS 7 Financial
Instruments:
Disclosures—Supplier
Finance Arrangements*

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

3.2 Standards and Interpretations in issue not yet adopted-continued

Standards and Interpretations in issue not yet adopted

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements- (continued)

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements.
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements.
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers.
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement.
- Liquidity risk information The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

4.0 MATERIAL ACCOUNTING POLICIES

The principal accounting policies of the Group which are set out below, have been consistently followed in all material aspects, unless otherwise stated.

4.1 Basis of Consolidation

The consolidated financial statements comprise of financial statements of the Institute of Chartered Accountants in Malawi and its subsidiary, ICAM Investments Limited.

Subsidiaries

Subsidiaries are entities over which the Institute of Chartered Accountants in Malawi has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

4.2 Business combination

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference (negative goodwill) is recognized directly in the statement of comprehensive income.

All intra-Group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries are changed where necessary to ensure consistency with policies adopted by the Group.

4.0 MATERIAL ACCOUNTING POLICIES

The principal accounting policies of the Group which are set out below, have been consistently followed in all material aspects, unless otherwise stated.

4.3 Foreign currency transactions

Functional and presentation currency

The financial statements are presented in Malawi Kwacha which is the group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the statement of operations .

4.3 Property, plant and equipment

Property, plant and equipment comprises land, the ICAM building, motor vehicles, and furniture and equipment. The cost of an item of property, plant, and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group;
- the cost of the item can be measured reliably.

Property, plant and equipment is initially and subsequently measured at cost. Costs include amounts incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

Capital work in progress is the gross amount spent in carrying out work of the second phase of the ICAM building. It is measured at cost recognised to date.

Capital work in progress is presented as part of property, plant and equipment in the statement of financial position. Capital work in progress is capitalised upon completion of the building.

Freehold land and capital work in progress are not depreciated

Property, plant and equipment are depreciated on a straight line basis so as to write down their cost over their expected useful lives to their estimated residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Land-freehold	Infinite	Office equipment	3 years
Building	50 years	Examination furniture	5 years
Motor vehicles	5 years	Furniture and fixtures	10 years

The residual value, useful life and depreciation methods of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.3 Property, plant and equipment-continued

The depreciation charge for each period is recognized in the statement of comprehensive income unless it is included in the carrying amount of another asset.

An item of property plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognized. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

4.4 Impairment of non financial assets

The carrying amounts of the group's non-financial assets are reviewed at each reporting period's closing date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of operations.

At each reporting period's closing date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.5 Leases

The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, and small items of office furniture and telephones).

For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The incremental borrowing rate depends on the term and start date of the lease and is determined based on a series of inputs.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4.6 Revenue

The group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following service lines.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.7 Revenue-continued

(i) Subscriptions

Subscriptions represent the amounts received from members and students of the group during the year. Subscriptions in arrears are not recognized and membership for any unpaid subscription is lapsed. Membership subscriptions received from new applicants for membership are credited in other payables until the time of the approval of the membership application by the Council.

(ii) Examination fees

Examination fees represent fees received in respect of examinations conducted within the year.

(iii) Revenue from the group's activities

Revenue from the group's activities includes gross receipts from the participants to the various continuing professional development activities undertaken by the Institute during the year. Revenue from these activities is recognized when the service is provided.

(iv) Interest income

Interest income represents the interest earned and accrued for the year on investments and staff loans. This is accounted for using the effective interest method.

(v) Rental income

Rental income are income received from tenants occupying the second floor of the ICAM House. Rental income represent 1% of total revenues.

(vi) Sale of manual

Sale of manual income are income received from selling examinations manuals to the students.

4.8 Special project reserve

The Special project reserve relates to funds designated for the construction of the group's office building on the land acquired in Blantyre along the Masauko Chipembere Highway.

The total cost of phase one of the building was K1.236 billion as at 31 December 2023, (refer to note 6). The reserve will be amortised so that the depreciation of the asset charged in the statement of profit or loss is funded by amortisation of the reserve.

4.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised in the statement of financial position when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.9 Financial instruments-continued

Receivables

The group makes use of a simplified provisioning approach for expected credit losses in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The group assesses the impairment of trade receivables on an individual basis as it has a small number of receivables and these receivables are managed on an account by account basis (i.e. individually).

Payables

Payables are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

4.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), is recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

The group has a defined contribution pension scheme administered by Old Mutual Life Assurance Company (Malawi) Limited. The scheme is a contributory scheme to which both the employer and employee contribute.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.10 Employee benefits-continued

Defined contribution plans-continued

Contributions by the group into the scheme are expensed in the period in which they are incurred. The Institute has no legal or constructive obligation 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 past periods.

4.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of the fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average costing basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.12 Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of past events. It is probable the Institute will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.13 Related party transactions

Related party transactions are in Malawi Kwacha. During the year, the Institute paid expenses on behalf of ICAM Investment Ltd.

4.14 Asset held for Investment

The Institute paid Space and Time being project management fees.

5 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

5.1 Key sources of estimation uncertainty

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

5.1.1 Useful lives and residual values of tangible assets

The entity reviews the estimated useful lives of tangible assets and assesses residual values of the assets at the end of each year and the actual results may differ from estimates.

5.1.2 Provisions

By their nature, various assumptions are applied in arriving at the carrying value of provisions that are recognized in terms of the requirements of IAS 37 Provisions, contingent liabilities and contingent assets.

5.1.3 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to note 26 for more information on going concern.

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

Figures in thousands of Malawi Kwacha

6 PROPERTY, PLANT AND EQUIPMENT (see accounting policy note 4.3)									
CONSOLIDATED									
	Land and buildings	Motor vehicles	Furniture and fittings	Office equipment	Examinations furniture	*Work in progress	Total		
Cost									
As at 01-01-2023	1,236,247	164,760	29,579	200,678	50,202	88,713	1,770,179		
Additions	-	1,525	350	3,112	-	-	4,987		
Disposals	-	(25,000)	-	(1,495)	-	-	(26,495)		
Transfers	-	-	-	14,956	-	(14,956)	-		
As at 31-12-2023	1,236,247	141,285	29,929	217,251	50,202	73,757	1,748,671		
Depreciation									
As at 01-01-2023	76,768	113,609	17,653	107,256	46,406	-	361,692		
Charge for the year	24,620	26,856	2,828	44,409	3,796	-	102,509		
Disposals	-	(24,750)	-	-	-	-	(24,750)		
As at 31-12-2023	101,388	115,715	20,481	151,665	50,202	-	439,451		
Carrying amount									
As at 31-12-2023	1,134,859	25,570	9,448	65,586	-	73,757	1,309,220		
Cost									
As at 01-01-2022	1,236,247	108,703	29,579	186,493	50,202	69,688	1,680,912		
Additions	-	61,776	-	15,449	-	19,025	96,250		
Disposals	-	(5,719)	-	(1,264)	-	-	(6,983)		
As at 31-12-2022	1,236,247	164,760	29,579	200,678	50,202	88,713	1,770,179		
Depreciation									
As at 01-01-2022	51,918	91,321	15,495	100,875	45,568	-	305,177		
Charge for the year	24,850	25,634	2,158	6,837	838	-	60,317		
Disposals	-	(3,346)	-	(456)	-	-	(3,802)		
As at 31-12-2022	76,768	113,609	17,653	107,256	46,406	-	361,692		
Carrying amount									
As at 31-12-2022	1,159,479	51,151	11,926	93,422	3,796	88,713	1,408,487		

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)							
SEPARATE	Land and buildings	Motor vehicles	Furniture and fittings	Office equipment	Examinations furniture	*Work in progress	Total
Cost							
As at 01-01-2023	1,236,247	164,760	29,579	200,678	50,202	73,881	1,755,347
Additions	-	1,525	350	3,112	-	-	4,987
Disposals	-	(25,000)	-	(1,495)	-	-	(26,495)
Transfers	-	-	-	14,956	-	(14,956)	-
As at 31-12-2023	1,236,247	141,285	29,929	217,251	50,202	58,925	1,733,839
Depreciation							
As at 01-01-2023	76,768	113,609	17,653	107,256	46,406	-	361,692
Charge for the year	24,620	26,856	2,828	44,409	3,796	-	102,509
Disposals	-	(24,750)	-	-	-	-	(24,750)
As at 31-12-2023	101,388	115,715	20,481	151,666	50,202	-	439,451
Carrying amount							
As at 31-12-2023	1,134,859	25,570	9,448	65,585	-	58,925	1,294,388
Cost							
As at 01-01-2022	1,236,247	108,703	29,579	186,493	50,202	69,688	1,680,912
Additions	-	61,776	-	15,449	-	4,193	81,418
Disposals	-	(5,719)	-	(1,264)	-	-	(6,983)
As at 31-12-2022	1,236,247	164,760	29,579	200,678	50,202	73,881	1,755,347
Depreciation							
As at 01-01-2022	51,918	91,321	15,495	100,875	45,568	-	305,177
Charge for the year	24,850	25,634	2,158	6,837	838	-	60,317
Disposals	-	(3,346)	-	(456)	-	-	(3,802)
As at 31-12-2022	76,768	113,609	17,653	107,256	46,406	-	361,692
Carrying amount							
As at 31-12-2022	1,159,479	51,151	11,926	93,422	3,796	73,881	1,393,655

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6 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The register of land and building, as required by the Companies Act, is kept.

* WIP relates to the development of an Integrated ICT System and land and building where applicable.

** Disposal of office equipment of K1.495 million relates to HP 290-desk top computer, that was purchased in October 2022, and crashed within one month. No depreciation was charged on the asset.

	Consolidated		Separate	
	2023	2022	2023	2022
Capital WIP				
Integrated ICT System Development	58,925	73,881	58,925	73,881
Right-of-Use Asset (See accounting policy note 4.5)				
As at 01-01-2023	117,616	57,650	117,616	57,650
Additions	-	59,966	-	59,966
As at 31-12-2023	117,616	117,616	117,616	117,616
Depreciation				
As at 01-01-2023	22,831	-	22,831	-
Charge for the year	21,171	22,831	21,171	22,831
As at 31-12-2023	44,002	22,831	44,002	22,831
Carrying amount				
Carrying amount as at 31/12/2023	73,614	94,785	73,614	94,785

The net book value of these leased assets is disclosed within property, plant and equipment in the statement of financial position.

Disposal of assets

During 2023, the group disposed of assets that had exceeded their useful life and had been replaced as follows:

	Cost	Accumulated depreciation	Carrying amount	Disposal proceeds	Profit/(loss)
Consolidated					
Office equipment	1,495	-	1,495	1,495	-
Motor vehicle	25,000	(24,750)	250	8,800	8,550
Total	26,495	(24,750)	1,745	10,295	8,550
Separate					
Office equipment	1,495	-	1,495	1,495	-
Motor vehicle	25,000	(24,750)	250	8,800	8,550
Total	26,495	(24,750)	1,745	10,295	8,550

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Figures in thousands of Malawi Kwacha

	Consolidated		Separate	
	2023	2022	2023	2022
8 INVESTMENTS IN SUBSIDIARY (CAPITAL WORK IN PROGRESS) (See accounting policy note 4.14)				
ICAM investment Limited	-	-	14,832	14,832
<p>Institute of Chartered Accountants in Malawi (ICAM) holds a 100% stake in ICAM Investment Limited (2022: 100%). ICAM Investments Limited was incorporated on 01st August 2022. Registered office at ICAM House, Masauko Chipembere Highway, P.O Box 1, Blantyre. The principal activities include; general investments by way of acquisition of property and other commercial activities, investments in the primary and secondary markets and to carry out related activities in support of aforementioned activities.</p>				
9 INVENTORIES (See accounting policy note 4.11)				
Study manuals	-	2,076	-	2,076
10 RECEIVABLES (See accounting policy note 4.9)				
Trade receivables	40,031	40,068	40,031	40,068
Provision for expected credit losses	(5,433)	(1,571)	(5,433)	(1,571)
	34,598	38,497	34,598	38,497
Staff loans and advances repayable within 1 year	10,159	8,711	10,159	8,711
Prepayments and other receivables	21,143	13,593	21,143	13,593
Total receivables	65,900	60,801	65,900	60,801
<p>Trade receivables comprise of CPD and Partnerships income not yet paid. The receivable days are 30 days and they are interest free. Receivables are unsecured.</p>				
The ageing of the receivables is as follows:				
	Consolidated		Separate	
	2023	2022	2023	2022
0-30 days	14,405	5,040	14,405	5,040
60-90 days	4,822	24,527	4,822	24,527
100-150 days	-	1,350	-	1,350
Over 150 days	20,804	9,151	20,804	9,151
	40,031	40,068	40,031	40,068
11 AMOUNT DUE FROM A RELATED PARTIES (See accounting policy note 4.13)				
ICAM investment Limited				
Management remuneration	-	-	14,400	7,200
Board Directors' expenses	-	-	520	-
Total	-	-	14,920	7,200
12 CASH AND CASH EQUIVALENTS (See accounting policy note 4.9)				
Deposit accounts	13,333	13,596	13,333	13,596
Current accounts	25,642	6,291	25,642	6,291
Cash on hand	538	300	538	300
Total cash and cash equivalents as disclosed in the statements of cash flows	39,513	20,187	39,513	20,187
13 LEASE LIABILITIES (See accounting policy note 4.5)				
At the beginning of the year	96,849	54,216	96,849	54,216
Additions				
Capital	-	59,966	-	59,966
Interest	19,641	16,744	19,641	16,744
Repayments				
Capital	(19,014)	(17,333)	(19,014)	(17,333)
Interest	(19,641)	(16,744)	(19,641)	(16,744)
At the end of the year	77,835	96,849	77,835	96,849
Analysed as:				
Non-current portion of lease liability	57,071	77,636	57,071	77,636
Current portion of lease liability	20,764	19,213	20,764	19,213
Total lease liability	77,835	96,849	77,835	96,849

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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		Consolidated		Separate			
		2023	2022	2023	2022		
13	LEASE LIABILITIES - CONTINUED (See accounting policy note 4.5)						
	Maturity analysis						
	2024	22,579	23,594	22,579	23,594		
	2025 to 2027	73,260	97,963	73,260	97,963		
	Total	95,839	121,557	95,839	121,557		
	Less interest	(18,004)	(24,708)	(18,004)	(24,708)		
		77,835	96,849	77,835	96,849		
	Analysed as:						
	Current liabilities	20,764	19,213	20,764	19,213		
	Non-current liabilities	57,071	77,636	57,071	77,636		
		77,835	96,849	77,835	96,849		
14	PAYABLES (See accounting policy note 4.9)						
	Payables	60,600	113,304	60,600	113,304		
	Provisions	58,340	29,392	58,340	29,392		
	Subscriptions paid in advance	14,457	36,498	14,457	36,498		
	Pending membership applications	61,198	53,436	61,198	53,436		
	ICAEW scholarship	18,881	21,131	18,881	21,131		
	Amounts owing to students	12,171	20,839	12,171	20,839		
	MAB fees	5,928	10,765	5,928	10,765		
	Marking, invigilation and examiners fees	30,948	19,880	30,948	19,880		
	Accruals	53,736	139,560	53,736	139,560		
	Workshop refunds and advance payments	15,820	17,157	15,820	17,157		
	PAYE, withholding tax and pension	76,018	172,657	76,018	172,657		
	Total payables	408,097	634,619	408,097	634,619		
14.1	Provisions (See accounting policy note 5.1.2)						
		Gratuity	Tevet	Audit fees and expenses	Fringe benefits tax	Examination moderation	Total
	As at 01-01-2023	1,600	1,390	13,911	3,702	8,789	29,392
	Additions	19,710	4,210	22,147	24,290	23,819	94,176
	Payments	(3,765)	-	(19,551)	(22,914)	(18,998)	(65,228)
	As at 31-12-2023	17,545	5,600	16,507	5,078	13,610	58,340

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Figures in thousands of Malawi Kwacha

	Consolidated		Separate	
	2023	2022	2023	2022
15 REVENUE FROM MEMBERS (See accounting policy note 4.7)				
Annual subscriptions	486,368	383,500	486,368	383,500
Membership applications	31,199	19,626	31,199	19,626
Revenue from the group's income generating activities:				
- Advertising and other	-	26	-	26
- Lake conference				
(i) Revenue from partners	58,000	78,846	58,000	78,846
(ii) Revenue from participants	1,031,812	742,260	1,031,812	742,260
- Other CPD activities	219,300	185,790	219,300	185,790
- Dinner dance	13,965	9,515	13,965	9,515
Total revenue from members	1,840,644	1,419,563	1,840,644	1,419,563
16 REVENUE FROM EXAMINATIONS (See accounting policy note 4.7)				
Annual subscriptions from students	23,818	29,650	23,818	29,650
Certifying statement and transcript production	5,607	4,974	5,607	4,974
Examinations fees	303,808	316,739	303,808	316,739
Identity card replacement	541	685	541	685
Registration and exemptions	61,598	51,509	61,598	51,509
Student manuals	1,632	3,010	1,632	3,010
Total revenue from examinations	397,004	406,567	397,004	406,567
17 MEMBERS' EXPENSES (See accounting policy note 4.9)				
Expenses from the group's activities				
- Lake conference expenses	620,494	515,990	620,494	515,990
- Other CPD activities	140,571	142,487	140,571	142,487
Dinner dance expenses	11,698	8,825	11,698	8,825
Members' events	10,746	5,945	10,746	5,945
Total members' expenses	783,509	673,247	783,509	673,247

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	Consolidated		Separate	
	2023	2022	2023	2022
18 EXAMINATION EXPENSES (See accounting policy note 4.9)				
Examination and assessors fees	30,946	27,377	30,946	27,377
Examination supervision	7,671	9,935	7,671	9,935
Hire of examination halls	10,772	10,417	10,772	10,417
ICAEW exam expenses	53,232	44,792	53,232	44,792
ID production	2,365	647	2,365	647
Invigilation fees	5,835	6,092	5,835	6,092
Marking fees	23,149	16,658	23,149	16,658
Moderation fees	16,858	16,428	16,858	16,428
Postage and delivery	7,101	7,812	7,101	7,812
Subsidy on manuals, improvement project	4,142	2,204	4,142	2,204
Printing and stationery - examinations	15,002	10,191	15,002	10,191
Re-marking fees	676	324	676	324
Student manuals	1,147	2,816	1,147	2,816
Syllabus review and pilot papers	7,052	60,189	7,052	60,189
Total examination expenses	185,948	215,882	185,948	215,882
19 NET REVENUE FOR SPECIFIC PURPOSES (See accounting policy note 4.7)				
Donation:				
received (flood relief)	-	7,449	-	7,449
paid out	-	(7,025)	-	(7,025)
Net revenue for specific purposes	-	424	-	424
20 SUNDRY INCOME (See accounting policy note 4.7)				
Amortisation of Special Project Reserve	24,620	24,850	24,620	24,850
Disciplinary penalty	46	7,350	46	7,350
Hire of desks and office space	16,932	9,618	16,932	9,618
Miscellaneous income	756	3,466	756	3,466
Subscription reversed	10,325	-	10,325	-
Profit on asset disposal	8,550	-	8,550	-
Rent received	26,953	20,505	26,953	20,505
Total sundry income	88,182	65,789	88,182	65,789

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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	Consolidated		Separate	
	2023	2022	2023	2022
21 MAB FEES (See accounting policy note 4.9)				
Portion of members fees	63,078	50,022	63,078	50,022
Portion of students fees	58,384	59,311	58,384	59,311
Total MAB fees	121,462	109,333	121,462	109,333
ICAM pays 15% of membership subscriptions and student fees to the Malawi Accountants Board (MAB).				
22 ADMINISTRATION EXPENSES (See accounting policy note 4.9)				
AGM expenses	984	686	984	686
Auditor's remuneration	14,345	12,923	14,345	12,923
Bad debts - write offs	-	10,869	-	10,869
Bank charges	4,268	5,892	4,218	5,892
Casual labour	1,004	519	1,004	519
Depreciation	123,678	60,317	123,678	60,317
Donation	-	2,000	-	2,000
Genset expenses	1,170	1,420	1,170	1,420
Insurance	22,397	20,296	22,397	20,296
Legal expenses	17,969	12,405	17,969	12,405
Loss on disposal of assets	-	331	-	331
Loss allowance on receivables	3,862	1,571	3,862	1,571
Marketing	30,666	42,177	30,666	42,177
Motor vehicle expenses	43,542	38,487	43,542	38,487
Office cleaning expenses	11,164	7,155	11,164	7,155
Office supplies	3,952	2,935	3,952	2,935
Printing and stationery - administration	3,863	3,894	3,863	3,894
Recruitment	4,590	3,598	4,590	3,598
Desk storage	-	1,333	-	1,333
Repairs and maintenance	24,144	13,301	24,144	13,301
Security	32,871	28,574	32,871	28,574
Stock slow moving provision	1,385	6,227	1,385	6,227
Strategic planning	3,359	12,420	3,359	12,420
Subscriptions	5,392	43,598	5,392	43,598
Telephone and internet	24,720	26,062	24,720	26,062
Travelling	8,449	33,504	8,449	33,504
Utilities	13,817	11,585	13,817	11,585
Total administration expenses	401,591	404,079	401,541	404,079
23 COUNCIL AND COMMITTEE EXPENSES (See accounting policy note 4.9)				
Committee meetings	3,187	7,963	3,127	7,963
Council expenses	4,652	12,005	4,242	12,005
Total council and committee expenses	7,839	19,968	7,369	19,968

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Figures in thousands of Malawi Kwacha

	Consolidated		Separate	
	2023	2022	2023	2022
24 PERSONNEL EXPENSES (See accounting policy note 4.9)				
Medical expenses	21,129	21,343	21,129	21,343
Pension	54,182	64,092	54,182	64,092
Salaries and wages	460,075	378,275	452,875	371,075
Other staff costs	81,179	76,251	81,179	76,251
Staff training and development	1,015	3,051	1,015	3,051
Staff welfare	10,179	13,967	10,179	13,967
Total personnel expenses	627,759	556,979	620,559	549,779
25 FINANCE INCOME (See accounting policy note 4.9)				
Bank interest on call and current accounts	726	374	726	374
Interest on short term investments	23,569	8,375	23,569	8,375
Interest on staff loans	583	1,916	583	1,916
Total investment income	24,878	10,665	24,878	10,665
26 GOING CONCERN ASSESSMENT (See accounting policy note 5.1.3)				

The current liabilities exceeded the current assets by K323.4 million for the group and K308.5 million for the Institute as at 31 December 2023 (2022 restated: K571.2 million for the group and K563.5 for the Institute). Furthermore, the group reported a consolidated surplus of K172.5 million and K179.8 million for the Institute for the year ended 31 December 2023 (2022, restated: consolidated deficit of K106 million and K98 million for the Institute. Total reserves were K1,002.3 billion for the group and K1,017.2 billion for the Institute as at 31 December 2023 (2022 restated: K854.5 million for the group and K862.1 million for the Institute).

The Council has put emphasis on the following strategies.

- Remodel the training approach by introducing practical elements in the training, and increasing training durations.
- CPD trainings to be conducted in all the three regions, with a possible extension to districts;
- Conduct free CPD trainings for paid-up members;

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26 GOING CONCERN ASSESSMENT - CONTINUED

- Set up a forum for job opportunities and consultancy assignments;
- Conduct membership recruitment drive in conjunction with the Malawi Accountants Board (MAB);
- Produce a flyer for Initial Professional Development (IPD) in conjunction with the Education and Training Directorate;
- Career talks for prospective CIFA and Technician students targeting secondary students;
- Career progression guidance targeting undergraduates;
- Produce promotional materials (leaflets, brochures, pens, and notepads);
- Engagements with prospective non-accounting undergraduates and graduates;
- Joint inspection with MAB on mandatory registration;
- Active media presence (all media channels based on understanding of behaviors of the targeted group. For example, Facebook advertisements and other electronic adverts, radio jingles etc.

27 FINANCIAL RISK MANAGEMENT

The Council members have overall responsibility for the establishment and oversight of the group's risk management framework. The Council members are responsible for developing and monitoring the group's risk management policies in their specified areas.

The group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The Council members are responsible for monitoring compliance with the group's management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The group manages its general financial risk through its investment policy. The group has a policy of spreading its investment across a wide range of investment houses such that no single investment exceeds 25% of the total investments.

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FOR THE YEAR ENDED 31 DECEMBER 2023**

Figures in thousands of Malawi Kwacha

27 FINANCIAL RISK MANAGEMENT - CONTINUED

27.1 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet financial obligations. The group's approach is to ensure that it will always have sufficient liquidity to meet its obligations as they fall due.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

27.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party for failure to discharge one's obligation. The group's credit risk arises from cash and cash equivalents, deposits with financial institutions, amounts due from related parties as well as credit exposures to customers, including outstanding trade and other receivables. The group provides some services on credit mainly for advertisement in the ICAM and Student Magazine. The group faces credit risk from the various financial institutions with which it invests funds, in the event of financial failure of these institutions. The group manages this risk by investing in reputable financial institutions only and ensuring that the investment is spread across a number of Institutions.

The group has two types of financial assets that are subject to the expected credit loss model:

- Trade and other receivables from sale of goods and services,
- Cash and cash equivalents.

The group's policy is to give 30 days for the repayment of receivables.

The group applies the IFRS 9 simplified approach to assess expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and other receivables. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due.

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Figures in thousands of Malawi Kwacha

27 FINANCIAL RISK MANAGEMENT - CONTINUED

27.2 Credit risk - continued

The expected loss rates are based on the receivables payment profiles over a period of 36 months before 1 January 2023 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 customers to settle the receivables.

The group considered the GDP growth rate and inflation as the most relevant factors affecting the economy and accordingly, adjusts the historical loss rates based on expected changes in these factors.

Impairment loss was calculated using the default rate percentage based on receivable aging and these are applied to the group of financial assets using a simplified matrix.

Exposure to credit risk Receivables by aging	Year ended 31 December 2023		
	Outstanding Balance	Expected credit loss	Recoverable amount
Past due 0 - 60 days	7,423	50	7,373
Past due 61 - 90 days	12,616	404	12,212
Past due 91 plus days	19,992	3,746	16,246
	<u>40,031</u>	<u>4,200</u>	<u>35,831</u>
	Year ended 31 December 2022		
Past due 0 - 60 days	6,840	55	6,785
Past due 61 - 90 days	28,544	913	27,631
Past due 91 plus days	4,684	603	4,081
	<u>40,068</u>	<u>1,571</u>	<u>38,497</u>
		2023	2022
Gross exposure (Trade receivables)			
Movement in allowance for impairment losses:			
Opening balance		(1,571)	(10,869)
Write offs		-	10,869
Additions		(3,862)	(1,571)
Closing Balance as at 31 December 2023		<u>(5,433)</u>	<u>(1,571)</u>

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Figures in thousands of Malawi Kwacha

27 FINANCIAL RISK MANAGEMENT - CONTINUED

27.3 Market risk

Market risk is the risk that the group's income or the value of its holdings of financial instruments would be affected by changes in market fundamentals such as foreign exchange rates and interest rates.

The group has limited exposure to foreign exchange rates as it mainly transacts in the local currency.

The group has adopted a policy of investing its excess liquidity in various deposit accounts. In investing excess liquidity the group endeavours to invest in the most rewarding investment opportunities. Falling interest rates, however, pose a significant risk towards the interest income which has always been a significant stream of income.

As the group has significant interest-bearing assets, the group's income and operating cash flows are substantially dependent on changes in market interest rates. Movements in interest rates are likely to have a significant impact on the group's investment income line. The group manages this risk by investing in investments that have the highest earning potential.

The Council members will continue to explore how best to optimize returns from investments.

Indicated below is interest earned from short term investments;

	2023	2022
Interest income	24,878	10,665
Interest expense on financial liabilities: -	<u> </u>	<u> </u>

The group have lease liabilities that necessitate payment of interest expense.

28 CAPITAL COMMITMENTS

There were uncontractual capital commitments of K153 million (2022: K388 million) and contractual commitments of K2.2 billion (2022: K1.9 billion)

29 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2023 (2022 : Knil)

30 EVENTS AFTER THE REPORTING PERIOD

There was no any event after the reporting period with an impact on the financial statements.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Figures in thousands of Malawi Kwacha

31 INCOME TAX

Due to the nature of its business, the Institute is exempt from income tax in terms of paragraph b(iii) of the First Schedule to the Taxation Act.

32 RESTATEMENTS ON 2022 FINANCIAL STATEMENTS

	31.12.2022 As previously reported	Adjustment	31.12.2022 Restated
Consolidated			
Accumulated deficit	170,008	-	170,008
Property, plant and equipment	1,488,440	(79,953)	1,408,487
Right-of-use-assets	-	94,785	94,785
Receivables	75,633	(14,832)	60,391
Separate			
Property, plant and equipment	1,488,440	(94,785)	1,393,655
Investment in subsidiary	-	14,832	14,832
Right-of-use-assets	-	94,785	94,785
Receivables	75,633	(14,832)	60,391
Amounts due from a related party	-	7,610	7,200
Accumulated deficit	170,008	(7,200)	162,808

During the period under review the directors identified misstatements that have been corrected in the current period.

This related to the omission of costs relating to remuneration for key management, board meetings and capital work in progress for the new building. These costs relate to ICAM Investments limited which was incorporated in 2022 and as result , the restatement only affects the prior period with no impact on the earliest comparative period. Accordingly, (consolidated financial statements have now been presented (in line with requirements of IFRS 10 Consolidated Financial Statements and)) a third balance sheet has not been presented in accordance with the requirements of IAS 8: "Accounting policies, changes in accounting estimates and errors".

33 EXCHANGE RATES AND INFLATION

National inflation and exchange rates as at 31 December were as follows:

	2023	2022
National inflation rate: <i>Source: National Statistics Office</i>	30.3%	25.8%
The mid exchange rate of the Malawi Kwacha to the United States Dollar was	1,667	1,024
The average inflation rate was	29.5%	20.9%
At the date of approval of the financial statements the rates had moved as discussed below:- Kwacha/US Dollar	1,717	1,053

NOTES



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