# THE INSTITUTE OF CHARTERED ACCOUNTANTS IN MALAWI (ICAM)

## CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

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## LIST OF ACRONYMS

| | |
|---|---|
| AGM | Annual General Meeting |
| ACCA | Association of Chartered Certified Accountants |
| 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 |
| PAEC | Public Accountants Examination Council |
| PQ | Professional Qualification |
| SOCAM | Society of Accountants in Malawi |
| MAB | Malawi Accountants Board |

## 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 K172.1 million and a separate surplus of MK179.8 million (2022 restated:consolidated deficit of K105 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: K855 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: K570.8 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.

## 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.

**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.

**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** |

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Cnr Link Road & Henderson Street
Box 1411, Blantyre, Malawi
Tel: +265 (0) 999 586 233
+265 (0) 887 004 693
E-mail: blantyre@grahamcarrmw.com

**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**

## 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: K570.8 million for the group and K563.5 for the Institute). Furthermore, the group reported a consolidated surplus of K172.1 million and K179.8 million for the Institute for the year ended 31 December 2023 (2022, restated: consolidated deficit of K105 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.

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**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**

### 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.

**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

Graham Carr
Chartered Accountants (Malawi)
Cornwell Banda

Date: 26 August 2024

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
**AS AT 31 DECEMBER 2023**

*Figures in thousands of Malawi Kwacha*

| | | Group | | Institute | |
|---|---|---|---|---|---|
| | Note | 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 liabities** | | | | | |
| 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 :**

Moffat Mgalande

**President**

**Chairperson- Audit Committee**

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

**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*

| | | Group | | Institute | |
|---|---|---|---|---|---|
| | | **2023** | **2022** | **2023** | **2022** |
| | **Note** | | **Restated** | | **Restated** |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 6 | 1,309,221 | 1,408,487 | 1,294,390 | 1,393,655 |
| Right-of-use-assets | 7 | 73,615 | 94,785 | 73,615 | 94,785 |
| Investment in subsidiary | 8 | - | - | 14,832 | 14,832 |
| **Total non-current assets** | | 1,382,836 | 1,503,272 | 1,382,836 | 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** | | 1,488,249 | 1,586,336 | 1,503,169 | 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 liabities** | | | | | |
| 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 | 408,099 | 634,619 | 408,099 | 634,619 |
| **Total current liabilities** | | 428,863 | 653,832 | 428,863 | 653,832 |
| **Total liabilities** | | 485,934 | 731,468 | 485,934 | 731,468 |
| **Total reserves and liabilities** | | 1,488,249 | 1,586,336 | 1,503,169 | 1,593,536 |

The consolidated and separate financial statements were authorized for issue by the Council on -----
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*

**CONSOLIDATED AND SEPARATE STATEMENTS OF SURPLUS AND DEFICIT**
**FOR THE YEAR ENDED 31 DECEMBER 2023**
*Figures in thousands of Malawi Kwacha*

| | | Group | | Institute | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | Note | | Restated | | 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) |

## 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 as restated | - | (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 |

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2023**
*Figures in thousands of Malawi Kwacha*

| | | Group | | Institute | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | Note | | Restated | | Restated |
| **Cash flow from operating activities** | | | | | |
| **Surplus/(deficit) for the year** | | 172,067 | (105,240) | 179,787 | (98,040) |
| Adjustment for:- | | | | | |
| Depreciation for property, plant and equipment and Right of use asset | 6&7 | 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 capit** | | 257,338 | (63,363) | 265,058 | (56,163) |
| Decrease in inventories | | 2,076 | 7,578 | 2,076 | 7,578 |
| (Increase)/decrease in receivables | | (5,099) | 7,057 | (5,099) | 7,057 |
| Increase in amount due from related party | | - | - | (7,720) | (7,200) |
| (Decrease)/increase in payables | | (226,520) | 95,015 | (226,520) | 95,015 |
| **Net cashflows generated from operating activities** | | 27,795 | 46,287 | 27,795 | 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 | 7 | 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 | 13 | (19,014) | (34,077) | (19,014) | (34,077) |
| -Interest on lease payment | 13 | (19,641) | (16,744) | (19,641) | (16,744) |
| **Net cash (used in)/generated from financing activities** | | (38,655) | 25,889 | (38,655) | 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**

| | |
|---|---|
| *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies* | 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. |
| *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies* | 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.<br><br>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 critaria 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—Classificati on 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—Classificati on 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.<br>• 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.<br>• The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers.<br>• 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.<br>• 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 receipient 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 overheard 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.

*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 | 26,855 | 2,828 | 44,409 | 3,796 | - | 102,508 |
| Disposals | - | (24,750) | - | - | - | - | (24,750) |
| As at 31-12-2023 | 101,388 | 115,714 | 20,481 | 151,665 | 50,202 | - | 439,450 |
| **Carrying amount** | | | | | | | |
| As at 31-12-2023 | 1,134,859 | 25,571 | 9,448 | 65,586 | - | 73,757 | 1,309,221 |
| **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 |

*Figures in thousands of Malawi Kwacha*

## 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 | 26,855 | 2,828 | 44,409 | 3,796 | - | 102,508 |
| Disposals | - | (24,750) | | | | | (24,750) |
| As at 31-12-2023 | 101,388 | 115,714 | 20,481 | 151,666 | 50,202 | - | 439,450 |
| **Carrying amount** | | | | | | | |
| As at 31-12-2023 | 1,134,859 | 25,571 | 9,448 | 65,585 | - | 58,925 | 1,294,390 |
| **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 |

*Figures in thousands of Malawi Kwacha*

## 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 | |
|---|---|---|---|---|
| **Capital WIP** | **2023** | **2022** | **2023** | **2022** |
| Integrated ICT System Development | 58,925 | 73,881 | 58,925 | 73,881 |

## 7 Right-of-Use Asset
**(See accounting policy note 4.5)**

| | Consolidated 2023 | Consolidated 2022 | Separate 2023 | Separate 2022 |
|---|---|---|---|---|
| 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 | 21,170 | 22,831 | 21,170 | 22,831 |
| As at 31-12-2023 | 44,001 | 22,831 | 44,001 | 22,831 |
| **Carrying amount** | | | | |
| Carrying amount as at 31/12/2023 | 73,615 | 94,785 | 73,615 | 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:

| **Consolidated** | **Cost** | **Accumulated depreciation** | **Carrying amount** | **Disposal proceeds** | **Profit/ (loss)** |
|---|---|---|---|---|---|
| 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** | **Cost** | **Accumulated depreciation** | **Carrying amount** | **Disposal proceeds** | **Profit/ (loss)** |
|---|---|---|---|---|---|
| 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 |

*Figures in thousands of Malawi Kwacha*

| | Consolidated 2023 | Consolidated 2022 | Separate 2023 | Separate 2022 |
|---|---|---|---|---|
| **8 INVESTMENTS IN SUBSIDIARY (CAPITAL WORK IN PROGRESS)** | | | | |
| **(See accounting policy note 4.14)** | | | | |
| ICAM investment Limited | - | - | 14,832 | 14,832 |

Institute of Chartered Accountants in Malawi (ICAM) holds a 100% stake in ICAM Investment Limited (2022: 100%). ICAM Investments Llimited 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.

| | Consolidated 2023 | Consolidated 2022 | Separate 2023 | Separate 2022 |
|---|---|---|---|---|
| **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 |

Trade receivables comprise of CPD and Partnerships income not yet received. The receivable days are 30 days and they are interest free. Receivables are unsecured.

| **The ageing of the receivables is as follows:** | Consolidated 2023 | Consolidated 2022 | Separate 2023 | Separate 2022 |
|---|---|---|---|---|
| 0-30 days | 7,423 | 6,840 | 7,423 | 6,840 |
| 60-90 days | 12,616 | 28,544 | 12,616 | 28,544 |
| 100-150 days | 19,992 | 4,684 | 19,992 | 4,684 |
| Over 150 days | - | - | - | - |
| | 40,031 | 40,068 | 40,031 | 40,068 |

| | Consolidated 2023 | Consolidated 2022 | Separate 2023 | Separate 2022 |
|---|---|---|---|---|
| **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 |

*Figures in thousands of Malawi Kwacha*

| | Consolidated | | Separate | |
|---|---|---|---|---|
| **13 LEASE LIABILITIES - CONTINUED (See accounting policy note 4.5)** | **2023** | **2022** | **2023** | **2022** |
| **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 liabitites | 57,071 | 77,636 | 57,071 | 77,636 |
| | 77,835 | 96,849 | 77,835 | 96,849 |

**14 PAYABLES**
**(See accounting policy note 4.9)**

| | Consolidated 2023 | Consolidated 2022 | Separate 2023 | Separate 2022 |
|---|---|---|---|---|
| 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 | 18,883 | 21,131 | 18,883 | 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** | 408,099 | 634,619 | 408,099 | 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 |

*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 |

*Figures in thousands of Malawi Kwacha*

| | | 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 |

*Figures in thousands of Malawi Kwacha*

| | | 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 |

*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: K570.8 million for the group and K563.5 for the Institute). Furthermore, the group reported a consolidated surplus of K172.1 million and K179.8 million for the Institute for the year ended 31 December 2023 (2022, restated: consolidated deficit of K105 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:K855 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;

## 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.

## 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.

*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.

| | Year ended 31 December 2023 | | |
|---|---|---|---|
| **Exposure to credit risk Receivables by aging** | **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 | 4,979 | 15,013 |
| | 40,031 | 5,433 | 34,598 |
| | **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 |
| | 40,068 | 1,571 | 38,497 |

| | 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** | (5,433) | (1,571) |

*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: -

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.

*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 | - | 7,200 | 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: *Source: National Statistics Office* | 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 |