

Draft

CHRISTIAN HEALTH ASSOCIATION
OF MALAWI

FINANCIAL STATEMENTS

31 DECEMBER 2020

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CHRISTIAN HEALTH ASSOCIATION OF MALAWI

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Draft

The Directors have pleasure in submitting their report together with the financial statements for the year ended 31 December 2020.

Incorporation and registered office

Christian Health Association of Malawi is incorporated in Malawi under the Trustees Incorporation Act of 1962 and is domiciled in Malawi. The Association reflects the Christian identity and coordinates the provision of health care in its member health facilities across Malawi. It is owned by two mother bodies namely: Episcopal Conference of Malawi (ECM) and the Malawi Council of Churches (MCC).

It is an umbrella organisation of christian churches which own health facilities throughout Malawi. There were 185 member health facilities ranging from small health centres to district level hospitals and training colleges, as at the time of approval of these financial statements.

The role of Christian Health Association of Malawi is to strengthen the capacity of its member units, monitor and supervise service delivery, advocate for greater involvement of mission hospitals in the provision of health care in Malawi and mobilising financial material resources for its members units.

The registered office of the Association is
Christian Health Association of Malawi
CHAM Building
Opposite Red Cross Area 14
P.O Box 30378
Lilongwe 3

Financial performance

The results and state of affairs of the Association are set out in the accompanying statements of financial position, income and expenditure, changes in funds, and cash flows, significant accounting policies and other explanatory information.

Board of Trustees

CHAM is owned by two mother bodies, the Episcopal Conference of Malawi ("**ECM**") and the Malawi Council of Churches ("**MCC**"). These jointly form the board of trustees which is comprised of Four (4) members and they are the overseers of CHAM Assets. The mother bodies also delegate leadership authority to the Board of Directors which is responsible for the provision of policy oversight and direction in the implementation of CHAM strategic plan. CHAM secretariate is responsible for the strategic plan implementation and coordination of member units and the stakeholders.

The following Trustees served during the year:-

NAME	BODY REPRESENTING	PERIOD
Rt Rev John Ryan	Chairperson	Full year
Mr. Isaac Songea	Member	Full year
Mrs Evelyn Itimu	Member	Full year
Mrs Mphatso Phiri	Member	Full year

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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Board of Directors

The following Directors served during the year: -

Fr. Alfred Chaima	Chairperson	Full year
Rt.Rev. Timothy Nyasulu	Member	Full year
Mrs. Matilda Maluza	Member	Full year
Mrs. Emily Kayimba	Member	Full year
Mr. Justus Kishindo	Member	Full year
Mrs. Hilda Khonje	Member	Full year
Mrs. Rose Kamoto	Member	Full year
Mr. Moses Kasitomu	Member	Full year
Fr. Henry Saindi	Member	Full year
Bishop Gilford Matonga	Ex officio	Full year
Mr. Patrick Chimutu	Ex officio	Full year
Ms. Clara Gausi	Ex officio	Full year
MOH Representative	Ex officio	Full year

Bankers

First Capital bank
National Bank of Malawi
Standard Bank
CDH Investment Bank

Attorneys

T.F Partners
Nasasha Building
P.O Box 724
Lilongwe

Independent auditors

The **Association's** independent auditors, Graham Carr, Chartered Accountants (Malawi), have expressed their willingness to continue in office as independent auditors in respect of the **Association's** 31 December 2021 financial statements and a resolution proposing their re-appointment will be tabled at the next Annual General Meeting.

CHAIRPERSON

DIRECTOR

DATE

DATE

Draft

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association as at end of the financial year and of the operating results for the period.

The Directors are also required to ensure the Association keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Trustees Incorporation Act , 1962 and the financial reporting provisions of the relevant financing agreements.

In preparing the financial statements, the directors accept responsibility on behalf of the Association for the following:

- maintenance of proper accounting records;
- selection of suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- compliance with applicable Accounting Standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities or falsification of entries in the books of account.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Association and of its operating results.

The financial statements were authorised for issue by the Board of Directors on **and are signed on their behalf by:**

DIRECTOR

DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Qualified Opinion

We have audited the financial statements of Christian health Association in Malawi, which comprise the statement of income and expenditure, statement of financial position, statement of changes in funds and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, except for the possible and actual effects of the matters described in the Basis for Qualified Opinion Section of our report, the accompanying financial statements give a true and fair view of the financial position of Christian Heath Association in Malawi as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the relevant financing agreements and the requirements of the Trustees Incorporation Act 1962.

Basis for Qualified Opinion

Revenue

- We have not received confirmations from the following donors for grant income

	MK'000
UNAIDS	4,074
Chemonics	97,437
FHI360	141,766
CCIH SCOPE	20,863
GOM/MOH	21,145,826
Health Service Joint Fund	136,144
SLA	4,143,565
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	25.689.675
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There were no practical procedures available to us to confirm the completeness of this income, and accordingly, we were unable to obtain sufficient appropriate audit evidence in this regard.

Fair Value on Investment Property

As disclosed in note 2.6, the **Association's** valuation policy in respect of investment property states that an external, independent valuation company, having appropriate recognised professional and recent experience in the location and category of property being valued, values the **Association's** investment property every year. However, valuation was not done in the current year contrary to the requirements of International Accounting Standard (IAS) 40, Investment Property, We are unable to obtain sufficient appropriate audit evidence regarding the fair value of investment property and its related revaluation gain or loss that would have been recognized in the income statement.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Basis for Qualified Opinion(Continued)

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 Company 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 in relation to going concern

We draw your attention to Note 23 in the financial statements, which indicates that the Association has made a deficit of K37.8 million (2019: deficit of K61 million) and net current liabilities of M11.3million (2019: Net current assets of MK4.8 Million). The ability of the Association to continue as a going concern is dependent on continued support from its donors and and the Malawi Government. Our opinion is not modified in respect of this matter.

Other matters - limitation of distribution and use

The Association's financial statements have been prepared for the responsible party to meet the user's requirements. As a result, the Association's financial statements may not be suitable for other purposes.

Our report has been prepared solely for the use of the responsible party and the user and should not be distributed to or used by any other parties.

We have modified our opinion in respect of this matter.

Responsibilities of directors and those charged with governance for the financial

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

In preparing the financial statements, the directors are responsible for assessing the **Association's** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Association or cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Association's** financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of **expressing an opinion on the effectiveness of the Association's internal control.**
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Association.
- Conclude on the appropriateness of the **Association'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 **Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Auditor's responsibilities for the audit of the financial statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Association 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Graham Carr
Chartered Accountants (Malawi)
Cornwell Banda

Date:

	Note	2020 MK'000	2019 MK'000
INCOME			
Grant income utilised	4	28,403,460	22,201,681
Membership fees		206,880	207,373
Drug sales and other grant income		9,661	991
Administration fees (projects)		7,895	15,560
Other income	3	216,507	195,453
Total income		28,844,403	22,621,058
EXPENDITURE			
Operating expenses	Appendix	(478,804)	(480,592)
Project expenses	4	(28,403,460)	(22,201,681)
Total expenses		(28,882,264)	(22,682,273)
Deficit for the year		(37,861)	(61,215)
Other comprehensive income			
Capital grants amortisation	14	(45,062)	(45,062)
Total other comprehensive income		(45,062)	(45,062)
Total comprehensive deficit for the year		(82,923)	(106,277)

*The notes on pages 12 to 30 form part of these financial statements
Independent audit report - pages 4 to 7*

	Note	2020 MK'000	2019 MK'000
ASSETS			
Non current assets			
Property, plant & equipment	6	713,614	777,284
Investment Properties	7	69,000	69,000
Total non current assets		782,614	846,284
Current assets			
Inventories	8	1,992	4,629
Trade & Other receivables	9	496,636	187,757
Project receivables	5	93,062	159,712
Cash and cash equivalents	10	591,016	493,345
Total current assets		1,182,706	845,443
Total assets		1,965,320	1,691,727
RESERVES AND LIABILITIES			
Reserves			
General Fund-Secretariat	11	51,439	51,439
General Fund-Programmes	12	4,252	4,252
Capital Reserves	13	4,525	4,525
Revaluation Reserves	14	663,490	663,490
Capital Grants	15	140,153	185,215
Accumulated deficit	16	(162,056)	(124,195)
Total reserves		701,803	784,726
Non current liabilities			
Employee Benefit	17	69,511	66,378
Total non current liabilities		69,511	66,378
Current Liabilities			
Bank overdraft	9	106,099	-
Payables	18	616,642	308,740
Deferred Grant Income	5	471,264	531,883
Total current liabilities		1,194,005	840,623
Total reserves and liabilities		1,965,320	1,691,727

The financial statements were authorised for issue by the Board of Directors on and are signed on their behalf by:

CHAIRPERSON

DIRECTOR

*The notes on pages 12 to 30 form part of these financial statements
Independent audit report - pages 4 to 7*

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2020

Draft

	General fund Secretariat	General fund programmes	Revaluation reserves	Capital reserve funds	Capital grants	Accumulated deficit	Total
	MK'000	MK'000	MK'000	MK'000	MK'000	MK'000	MK'000
Balance at 1 January 2019	51,439	4,252	663,490	4,525	230,277	(32,565)	921,418
Deficit for the year	-	-	-	-	-	(61,215)	(61,215)
Amortisation of Capital Grants	-	-	-	-	-	(30,416)	(30,416)
Additions to capital grants	-	-	-	-	(45,062)	-	(45,062)
As at 1 January 2020	51,439	4,252	663,490	4,525	185,215	(124,196)	784,725
Deficit for the year	-	-	-	-	-	(37,861)	(37,861)
Amortisation of Capital Grants	-	-	-	-	(45,062)	-	(45,062)
As at 31 December 2020	51,439	4,252	663,490	4,525	140,153	(162,057)	701,802

*The notes on pages 12 to 30 form part of these financial statements
Independent audit report - pages 4 to 7*

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

Draft

	2020 MK'000	2019 MK'000
Cash outflow from operating activities		
Deficit for the year	(37,861)	(61,215)
Depreciation charge	63,670	83,589
Capital grant amortisation	(45,062)	(45,062)
	<u>(19,253)</u>	<u>(22,688)</u>
Movements in working capital		
Decrease in inventories	2,637	1,252
(Increase)/decrease other receivables	(308,879)	18,779
Decrease/(Increase) in project receivables	66,650	(159,711)
Increase/(decrease)/ in other payables and employee benefits	311,035	(131,648)
	<u>52,191</u>	<u>(294,016)</u>
Net cash in/(out) flow from operating activities		
Cashflows from investing activities		
Purchase of property, plant and equipment	-	-
	<u>-</u>	<u>-</u>
Net cash (utilised in) investing activities	-	-
Cash flows from financing activities		
Increase in deferred income	(60,619)	133,333
Adjustment to accumulated reserves	-	(30,416)
	<u>(60,619)</u>	<u>102,917</u>
Net cash (outflow)/inflow from financing activities		
Decrease in cash & cash equivalents	(8,428)	(191,099)
Cash and cash equivalents at the beginning of the financial year	493,345	684,444
	<u>484,917</u>	<u>493,345</u>
Cash and cash equivalents at the end of the financial year (Note 9)	<u><u>484,917</u></u>	<u><u>493,345</u></u>

*The notes on pages 12 to 30 form part of these financial statements
Independent audit report - pages 4 to 7*

1 REPORTING ENTITY

The Christian Health Association of Malawi ("**CHAM**") was constituted in 1966 initially called Private Hospitals Association of Malawi ("**PHAM**"). PHAM changed its name to CHAM in 1992 to reflect the Christian identity and to stress the focus on provision of health services.

CHAM is owned by two mother bodies, the Episcopal Conference of Malawi ("**ECM**") and the Malawi Council of Churches ("**MCC**"). These jointly form the board of trustees which is comprised of Four (4) members and they are the overseers of CHAM Assets. The mother bodies also delegate leadership authority to the Board of Directors which is responsible for the provision of policy oversight and direction in the implementation of CHAM strategic plan. CHAM secretariate is responsible for the strategic plan implementation and coordination of member units and the stakeholders.

During the period under review, CHAM Secretariat coordinated the following projects: NCA Maternal & Neonatal Child Health, Fredkorpset Exchange Programme, USAID Health workers Training, Centre for Disease Control ("**CDC**") monitoring and coordination of HIV services, NAC VMMC project, Drug revolving fund, KFW institutional support, DCA BILKA Nutrition, Save the Children sexual reproductive health, Act Alliance coordination desk and GOM/MOH salaries.

These financial statements are for the **Secretariat's** activities and all other projects including the personnel emolument grant for the CHAM Health Units.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the financial reporting provisions of the relevant financing agreements.

The financial statements have been prepared on the historical cost basis.

2.1 Property, plant and equipment

(i) Initial recognition

Items of plant, equipment and furniture are stated at cost, net of accumulated depreciation and accumulated impairment losses.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately including major inspection and overhaul expenditure is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the item of property, plant and equipment. All other expenditure is recognised in the statement of comprehensive income as an expense when incurred.

Property, plant and equipment (Continued)**(iii) Depreciation**

Depreciation is calculated on the straight line basis at rates that will reduce cost of assets to estimated residual values over the anticipated useful lives of the assets. The estimated useful lives, residual value and depreciation rates are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

- Office buildings 50 years
- Motor vehicles 4 years
- Furniture & equipment 5 years

The gain or loss arising on the disposal or retirement of an item or property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of comprehensive income.

(iv) Impairment

At each reporting date, the Association 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. Impairment losses are recognised as an expense immediately.

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

2.2 Inventories

Inventories are valued at the lower cost and net realisable value on first in first out basis and relates to goods purchased but not used as at period end.

2.3 Pensions and other post-employment benefits and termination benefits

Retirement benefits are provided for the Association employees through independently administered 'defined contribution funds. Contributions to the defined contribution funds are charged to profit or loss as they fall due. Once the Association makes a contribution, there are no further obligations.

All other termination benefits are recognised as an expense immediately when the Association is committed to termination of employment of an employee.

2.4 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements are measured using Malawi Kwacha, as functional currency of the primary economic environment in which the Association operates. The financial statements are presented in Malawi Kwacha, which is the Association's functional and presentation currency.

(b) Transactions and balances

Transactions in currencies other than Malawi Kwacha are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the reporting date. Profits or losses arising on retranslation are dealt with in the statement of comprehensive income.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2.5 Income

Grant income

Grants income is recognised initially as deferred income when there is reasonable assurance that it will comply with the conditions attaching to it. Income that compensate for expenses incurred are recognised as revenue in the profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate for the cost of an asset are recognised in the profit or loss as revenue on a systematic basis over the useful life of the asset and the unamortised grants are carried forward as capital grants.

Rental income

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date. Rental income Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.6 Investment property

Investment property is property held either to earn rental income, or for capital appreciation or for both but not for sale in ordinary course of business. Use in the production and supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its costs for subsequent accounting.

2.7 Drug revolving fund

The Association maintains a revolving fund which aims at providing and distributing drugs to the Health Units at low cost.

Drug revolving fund (continued)

The beneficiaries to this fund, the Health Units, contribute for customs clearing costs to the fund based on the levels of their requirements to cover the costs of administering the fund and facilitating the receiving and distribution of these drugs. These contributions are recognised as operating income by the Association.

2.8 Taxation

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences arising from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.9 Provision

A provision is recognised when the Association has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation

2.10 Receivables

Receivables are measured at amortised cost.

2.11 Financial instruments

2.11.1 Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available for sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2.11.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

2.11.3 Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

2.11.4 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the recent value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial instruments (Continued)**Impairment of financial assets(Continued)**

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.12 Financial liabilities and equity instruments**2.12.1 Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

2.12.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.12.3 Financial liabilities

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'.

2.12.4 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- It is a part of an identified portfolio of financial instruments that the Association manages together and has a recent.
 - (i) Actual pattern of short-term profit-taking; or
 - (ii) It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Association's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

2.12.5 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method (see 3.11.2 with interest expense recognised on an effective yield basis).

2.12.6 Financial risk management objectives

The Association has exposure to the following risks from its transactions in financial instruments:-

- Capital risk
- Foreign currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

This note represents information about the Association's exposure to each of the above risks, the Association's objectives, policies and processes for identification, measurement, monitoring and controlling risk and the Association's management of capital.

(a) Capital risk management

The entity manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Association consists of mainly equity attributable to its equity holders, comprising capital fund, revaluation reserve and general fund as disclosed in the statement of changes in equity.

Financial risk management objectives (Continued)

(b) Foreign currency risk management

The Association undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters and the Association endeavours to settle its foreign liabilities as soon as possible so as to minimise exposure to changing exchange rates.

(c) Interest rate risk management

The Association is exposed to interest rate risk as it borrows at floating interest rates. The absence of appropriate instruments in the economy makes it impossible to hedge against interest rate risks.

The Association's interest rate risk arises on interest-bearing bank overdrafts.

(d) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in financial loss to the Association. The Association's exposure is continuously monitored and is spread over many approved counter parties.

A provision for doubtful receivables is made where there is an identified loss event which based on previous experience, indicates a reduction in the recoverability of future cash

The **Association's** principal financial assets are bank balances and receivables. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses; represents the Association's maximum exposure to credit risk. The credit risks on bank balances are limited because the counter parties are banks with high credit ratings in Malawi.

(e) Liquidity risk management

Ultimate responsibility of liquidity risk management rests with management, which has built an appropriate liquidity risk management framework for the management of the Association's short, medium and long-term funding and liquidity requirements. The Association manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows on a daily, weekly and monthly basis and matching the maturity profiles of financial assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cashflow statements, cash and cash equivalents consist of cash in hand and deposits in banks, net of outstanding banks overdrafts, investments with short term maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Financial risk management objectives (Continued)

Credit risk

CHAM has a credit policy in place and the exposure of credit risk is monitored on an on going basis. Credit evaluations are performed on all customers requiring loans.

Provisions for loans and advances

Loans and advances are stated in the statement of financial statement after the deduction of provision for doubtful debts. The provision is based upon management assessment of the loan portfolio which involves specific evaluation of loan advances taking into account economic conditions and changes in the nature and level of risk exposure.

Advance are written of once the probability of recovery becomes remote.

Interest on advances

Interest on advances is accrued to income until such times as reasonable doubt with regard to recovery , thereafter further interest is not included in income.

Employee benefits

The organisation contributes to a defined pension scheme administered by Inde Trust Limited.

Obligations for contributions are recognised as an expense in the statement of comprehensive income.

Interest income

Interest income is recognised in the income statement for all interest bearing instruments on an accruals basis , using the effective yield method.

Foreign currency

Transactions in foreign currency are converted to Malawi kwacha at the foreign exchange rate ruling at the date of the transaction.

Foreign exchange differences arising on transactions are recognised in the profit and loss.

2.13 Related parties

The Association provides services to its member units and coordinates various projects at a fee. The services are sourcing, advancing, accounting and coordination of funds/grants to the units. Membership fees, which is 1 .5% of the Government grants (salary, pension and leave grants only) payable to the Units is charged to the health units and is accounted for in the period for which they are due. An administration fee is also charged on the various projects coordinated by the Association.

2.14 Deferred income

Deferred income represents surplus arising from the project activities being carried out by CHAM. These are represented by bank balances and accrued expenses.

The net deficits on projects are not deferred. The deficits on these projects are **debited/charged to the CHAM Secretariat's retained earnings in the period they arise.**

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and call deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.16 Capital fund

The fund represents the fair value of all assets and liabilities taken over from Government on the establishment of the Trust on 1st February 2013. It represents the net assets with which the Trust was initially endowed.

2.17 Critical accounting judgments and key sources of estimation and uncertainty

(a) Critical judgements in applying the Associations accounting policies

No critical judgements were made by the Board of Trustees during the current year which would have a material impact on the financial statements.

(b) Key sources of estimation and uncertainty

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

(i) Specific provisions

In creating a specific provision against receivables, the Board of Trustees have taken into account the past payment history of the individual customers, the state of the economy and other information which may have come to light regarding the potential impairment of the individual assets. Provisioning on this basis is subjective by nature as it requires the assessment of financial, as well as non financial information in arriving at an impairment value, which can only be borne out by future events.

(ii) Valuation of properties

The Board of Trustees have reviewed the remaining useful lives and the residual values used for the purposes of depreciation calculations in the light of the requirements for an annual review under the International Accounting Standard 16 Property, Plant and Equipment.

3 OTHER INCOME	2020 MK'000	2019 MK'000
Other grant income	15,110	68,090
Capital Grants Amortisation	45,062	45,062
Sundry income	142,371	39,915
Rental income-office block	9,773	13,499
Rent - residential houses	2,400	4,800
Forex gain	1,644	23,796
Interest received	147	291
	<u>216,507</u>	<u>195,453</u>

4 GRANT INCOME UTILISED/ DEFERRED INCOME

	Opening balance MK'000	Receipts MK'000	Adjustments/ Refunds MK'000	Grant income utilised MK'000	Deferred income MK'000	Project receivable MK'000
CDC	310,632	992,589	16,391	1,178,805	140,807	-
CDC Preservice	-	156,539	1,474	22,225	135,788	-
CCH SCOPE	-	20,803	-	5,531	15,272	-
UNAIDS Current Account	2,931	4,074	58	2,694	4,369	-
CHAZ FP	2,916	-	-	17	2,899	-
FH360	-	141,766	-	157,791	-	(16,025)
GOM/MOH	130,204	21,145,826	1,528	21,307,444	-	(29,886)
SRH/EU	6,501	-	-	3,108	3,393	-
GIZ	1,272	-	-	-	1,272	-
NCA -2016	(2,880)	-	-	-	-	(2,880)
SLA	2,697	136,144	-	40,752	98,089	-
CDC HRH	(159,712)	1,537,169	14,127	1,364,288	27,296	-
CHEMONICS	30,054	97,437	-	91,624	35,867	-
SLA	47,557	4,143,565	-	4,235,393	-	(44,271)
CHEMONICS	-	-	-	(6,212)	6,212	-
	<u>372,172</u>	<u>28,375,912</u>	<u>33,578</u>	<u>28,403,460</u>	<u>471,264</u>	<u>(93,062)</u>

Project funds are funds for donor funded projects which are being administered by the Association. This is represented by funds in the relevant bank accounts. Any payments from these accounts are charged to the project accounts and are passed through the CHAM statement of comprehensive income when spent. Periodically CHAM produces separate reports for the donors as accountability for funds spent. Project income is accounted for when actually spent.

5 PROPERTY, PLANT & EQUIPMENT

	Land MK"000	Buildings MK"000	Owner occupied houses MK"000	Motor Vehicle MK"000	Furniture & Fittings MK"000	Computer/IT Equipment MK"000	Intangible Assets MK"000	Work in Progress MK"000	Total MK"000
Cost									
As at 01 January 2019	129,500	328,379	172,418	263,777	33,412	94,328	30,602	23,428	1,075,844
Additions	-	-	-	-	-	-	-	-	-
As at 1 January 2020	129,500	328,379	172,418	263,777	33,412	94,328	30,602	23,428	1,075,844
Additions	-	-	-	-	-	-	-	-	-
As at 31 December 2020	129,500	328,379	172,418	263,777	33,412	94,328	30,602	23,428	1,075,844
Depreciation									
As at 01 January 2019	-	12,833	6,897	119,153	21,684	33,157	21,247	-	214,971
Charge for the year	-	6,568	3,448	57,440	3,437	8,841	3,855	-	83,589
As at 01 December 2019	-	19,401	10,345	176,593	25,121	41,998	25,102	-	298,560
As at 01 January 2020	-	19,401	10,345	176,593	25,121	41,998	25,102	-	298,560
Charge for the year	-	6,568	3,448	39,992	3,403	8,759	1,500	-	63,670
As at 31 December 2020	-	25,969	13,793	216,585	28,524	50,757	26,602	-	362,230
Carrying amount									
As at 31 December 2020	129,500	302,410	158,625	47,192	4,888	43,571	4,000	23,428	713,614
As at 31 December 2019	129,500	308,978	162,073	87,184	8,291	52,330	5,500	23,428	777,284

The fair value measurements of the **secretariat's** leasehold and buildings as at 31 December 2018 were based on revaluation done on 31 December 2016 by Lipimbi Property Services, who are Chartered Property Valuers, Managers and Consultants based in Lilongwe. The basis of valuation used was open market value. The **Association's** valuation policy is to revalue property every year. The **Association's** land and buildings are stated at fair value amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses. The resultant surpluses were taken to other comprehensive income and allocated to property valuation reserve in the statement of changes in funds.

	2020 MK'000	2019 MK'000
6 INVESTMENT PROPERTY		
Residential House	69,000	69,000
	<u>69,000</u>	<u>69,000</u>
<p>The investment property relates to a residential house from which CHAM gets rentals. No fair value adjustment was done in the year under review and this is not in accordance with IAS 40 <i>Investment Property</i>. No revaluation was made in the current year.</p>		
7 INVENTORIES		
Drugs	1,992	4,629
	<u>1,992</u>	<u>4,629</u>
8 TRADE AND OTHER RECEIVABLES		
Membership fees	293,506	291,763
Provision for doubtful debts	(70,145)	(193,596)
	<u>223,361</u>	<u>98,167</u>
Other debtors	29,153	7,471
Salary in advance	9,596	4,422
Subgrant balances	88,050	41,016
Pension Board Expenses	6,851	6,093
Fuel Imprest	3,387	-
Unliquidated Cash advances	132,495	30,589
Prepayments	3,743	-
	<u>496,636</u>	<u>187,757</u>

Membership fees receivable represent amount due from CHAM health facilities. The Association provides services to its member units and coordinates various projects at a fee of 1.5% of the government grant.

	2020 MK'000	2019 MK'000
9 CASH AND CASH EQUIVALENTS		
Fixed deposit	26,279	118,809
Dollar account(CDC)	36,050	89,304
CDC HIV Current account	102,833	62,996
Cham units current account	-	51,802
Dollar Account National Bank	43,342	26,707
Core Bank Account-Standard Bank	-	27,591
SLA Unit	24,688	18,877
CHAM CRS	-	17,953
CHAM Salaries-Standard Bank	61,758	17,035
CHAM Core National Bank	13,458	9,205
Residential Property Standard Bank	30,003	6,703
CHAM SLA F irst Capital	6,717	5,809
SRH/EU Project	-	2,317
DRF-Standard Bank	10,552	1,436
CHAM Gratuity Standard Bank	4,160	1,153
CHAM Euro account	1,224	1,022
CHEMONICS	-	347
CHAZ FP	-	339
UNAIDS Current Account	193	37
GIZ	-	21
CDC HRH	83,525	-
FH360	5,758	-
CDC Preservice	120,232	-
CCIH SCOPE	3,426	-
CHAM Pensions	16,791	33,682
	<u>590,989</u>	<u>493,145</u>
Petty cash	27	200
	<u>591,016</u>	<u>493,345</u>
Cash book overdraft		
Cham units current account	(101,147)	-
Core Bank Account-Standard Bank	(4,952)	-
CDC HRH	-	(12,945)
CDC HIV Current account	-	(13,351)
	<u>(106,099)</u>	<u>(26,296)</u>
Total cash and cash equivalents as presented in the statement of cashflows	<u><u>484,917</u></u>	<u><u>467,048</u></u>
10 GENERAL FUND -SECRETARIATE		
Balance brought forward	51,439	51,439
Balance carried forward	51,439	51,439

	2020 MK'000	2019 MK'000
11 GENERAL FUND -PROGRAMMES		
Balance brought forward	4,252	4,252
Balance carried forward	4,252	4,252
12 CAPITAL RESERVES		
Balance brought forward	4,525	4,525
Balance carried forward	4,525	4,525
13 REVALUATION RESERVE		
Balance brought forward	663,490	663,490
Arising during the year	-	-
Balance carried forward	663,490	663,490

This represents the surplus on revaluation of property, plant and equipment as detailed in note 6. The reserve is non-distributable and amortisation is reflected on a yearly basis to take into account the use of the related assets.

14 CAPITAL GRANTS

	Buildings	Motor Vehicles	Office Equipment	Total
COST				
As at 01 Jan. 2020	10,091	250,541	70,251	330,883
Additions	-	-	-	-
As at 31 Dec. 2020	10,091	250,541	70,251	330,883
Depreciation				
As at 01 Jan. 2020	3,406	94,571	47,691	145,668
Charge for the year	1,514	34,464	9,084	45,062
As at 31 Dec. 2020	4,920	129,035	56,775	190,730
Carrying amount				
As at 31 Dec. 2020	5,172	121,506	13,476	140,153
As at 31 Dec. 2019	6,685	155,970	22,560	185,215

	2020 MK'000	2019 MK'000
15 ACCUMULATED DEFICIT		
Balance brought forward	(124,195)	(32,565)
Deficit for the year	(37,861)	(61,214)
Adjustments	-	(30,416)
Balance carried forward	<u>(162,056)</u>	<u>(124,195)</u>
16 EMPLOYEE BENEFIT		
Severance pay		
Balance brought forward	22,782	24,564
Payments during the year	-	(1,782)
Balance as at 31/12/2020	<u>22,782</u>	<u>22,782</u>
Gratuity	46,729	43,596
Total as at 31/12/2020	<u>69,511</u>	<u>66,378</u>
Severance pay		
<p>In terms of the Employment Act, severance allowance is payable to employees on termination of employment by mutual agreement, death, retirement, voluntary retirement, retrenchment or redundancy.</p> <p>Provision for severance allowance was made as at 31 December 2018 for staff that had been laid off in 2011 whose severance pay was not paid. In line with the Pensions Act, 2010 and the amended Employment Act of 2010, the amount provided for shall be remitted to a pension fund administrator to be transferred into pension not later than eight years from the effective date of the Pension Act. The Association is yet to remit all the outstanding amounts.</p>		
17 PAYABLES		
Malawi Revenue Authority taxes	73,748	35,391
Units Salary refunds	456,285	154,321
Creditors	2,829	2,829
Other payables and accruals	53,246	116,199
Prepaid income	23,445	-
CHAM Sacco	2,671	-
LifeNet salaries	4,417	-
	<u>616,642</u>	<u>308,740</u>

18 RELATED PARTIES

The **Association's** activities are mainly to assist member units. Members pay annual membership fees to the CHAM Secretariat

CHAM also coordinates donor funded projects which also involve supply of services and other facilities on which administration fees are charged. The values of the transactions reflected as income are as follows:

	2020 MK'000	2019 MK'000
Membership fees	206,880	207,373
Administration fees	7,895	15,560
	<u>214,775</u>	<u>222,934</u>

Total funds received and transferred to or on behalf of projects were K28.4million (2019: K22.1 million) represented by total project grants note 4 and the figures include CHAM units salary grants.

19 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2020.

20 CAPITAL COMMITMENTS

The Association had no capital commitments as at 31 December 2020.

21 SUBSEQUENT EVENTS

There were no significant subsequent events which needed disclosure or adjusting the financial statements.

22 SIGNIFICANT ACCOUNTING JUDGEMENTS

In the process of applying the Association's accounting policies, there were no critical judgements and estimates made.

23 MATTER OF UNCERTAINTY RELATING TO GOING CONCERN

The Association had made a deficit of MK37.8 million (2019: deficit of MK61 million) and has net current liabilities of K11.3 million (2019: net current assets of K4.8 million). The going concern of the Association is dependent on the support from the donors and the Government of Malawi.

The Association is expected to continue being in business and has already operated for two years after the year end with support from donors and the Government of Malawi.

24 EXCHANGE RATES AND INFLATION

The average of the year-end buying and selling rates of the major foreign currencies affecting the performance of the Association are stated below, together with the increase in the National Consumer Price Index, which represent an official measure of inflation.

	2020 MK	2019 MK
Kwacha/ GBP	1,096.82	967.49
Kwacha/Euro	989.44	826.88
Kwacha/US Dollar	772.35	737.70
Kwacha/Rand	56.41	52.26
Inflation rate	7.6%	8.9%

At the time of signing the financial statements the exchange rates were as follows: -

Kwacha/ GBP	-	1,253.14
Kwacha/Euro	-	1,058.57
Kwacha/US Dollar	-	1,028.48
Kwacha/Rand	-	61.60
Inflation rate (%)	-	9.8%

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

Draft

*The following pages do not form
part of the financial statements*

CHRISTIAN HEALTH ASSOCIATION OF MALAWI
INCOME AND EXPENDITURE SUMMARY REPORT
FOR THE YEAR ENDING 31 DECEMBER 2020

Draft

Appendix

		2020 MK'000	2019 MK'000
EXPENDITURE			
Good Governance			
7000-7035	Board meetings - Secretariat	14,630	9,063
7000-7030	Attend facilities board meetings	560	826
7000-7040	Board meetings - Facilities	542	1,129
7000-7050	Conduct Annual General Meeting	1,552	3,217
	Sub Total	17,284	14,235
Financial Recovery and Sustainability			
6000-6030	Cost of Sales	2,697	-
7000-7045	Collect membership fees	605	1,335
7000-7020	Fundraising Costs	2,030	1,406
8000-8055	External Audits	693	16,593
7700-7720	Internal Audit	2,149	-
6000-6015	Drug disposal	-	1,251
	Sub Total	8,174	20,586
Networking and Advocacy			
7000-7060	Attend conferences	114	5,492
7000-7125	Commemoration of Activities	27	-
7000-7130	Conduct Secretariat quarterly review meetings	516	50
7000-7135	Support Supervision in health Facilities	113	660
7000-7145	Visiting Facilities and properties	145	-
7000-7140	ACHAP Meetings and other external travel	-	6,282
7000-7065	Conduct Regional meetings	6,605	625
	Sub Total	7,520	13,109
Human Resource Management			
Basic Salaries			
5000-5000	Salaries	108,585	74,101
Benefits			
5500-5505	Benefits - Pension	26,483	7,484
5500-5510	Benefits - Gratuity	5,993	11,115
5500-5515	Benefits - Group life	801	800
5500-5520	Benefits - Medical Cover	47,382	4,460
5500-5525	Benefits - Leave grant	182	570
5500-5530	Benefits - Airtime	834	4,394
5500-5535	Benefits - Fuel	4,843	5,128
5500-5545	Benefits - Tevet	1,086	756
5500-5550	Benefits - Fringe benefit tax	9,539	5,272
7000-7080	Recruitments	4,170	2,711
7000-7085	Social Welfare	380	111
7000-7075	Retreat for cham staff	646	1,788
7000-7090	Staff professional Subscriptions	4,586	1,113
7000-7095	Staff Development Costs	8,225	3,916
7000-7100	Cost of debt recovery	143	-
7000-7105	Staff relocation costs	556	-
7000-7110	Networking and Public relations	347	1,818
7200-7230	Human resource training	8,000	-

CHRISTIAN HEALTH ASSOCIATION OF MALAWI
 INCOME AND EXPENDITURE SUMMARY REPORT
 FOR THE YEAR ENDING 31 DECEMBER 2020

Draft

Appendix

		2020 MK'000	2019 MK'000
Other Compensation			
8200-8230	Casual labour	323	-
8200-8240	HCW Salaries	32,866	-
8200-8245	Units salaries		12,475
	Sub Total	265,970	138,013
Cordination and Technical Support for Health Services			
7000-7015	Affiliation fees	1,375	832
7400-7405	Conduct review and planing meetings	254	-
7400-7406	Conduct coordination meetings with partners	754	-
7400-7425	Regional coordination meeting	877	-
7400-7425	Sensitisation meetings	108	-
7400-7427	Converne FBO Partners & non partnes	186	-
7800-7844	Reserved	97	-
Trainings			
7200-7235	Conduct facility based orientation	24	-
7200-7225	Conduct training for health workers	49	-
7200-7235	Induction/ Orientation of HCW	108	-
7200-7270	Nurse midwife Technician	-	300
7200-7275	College graduations at training institutions	-	144
7200-7329	Conduct education session	774	-
	Sub Total	4,606	1,276
Monitoring, Evaluation and Research			
7000-7161	Pay fees for Emails	2,678	3,281
7000-7162	Pay for antivirus and firewall renewal	-	738
7000-7164	Pay Fees for Website	-	369
7000-7070	Software licences/ renewals	10,866	-
7600-7615	Curriculum review	-	232
7600-7620	Strategy Development	-	24,823
7600-7630	Functional reviews	2,699	9,958
7600-7645	Review of standards	52	-
7600-7675	Develop database for data reporting and management	1,488	-
7700-7706	Conduct post recruitments visits	1,004	-
7700-7741	Joint supervision & monitoring	215	-
	Sub Total	19,002	39,401
Secreterial Operation Costs			
Capital Expenditure			
5600-5610	Office Buildings costs	-	545
5600-5670	Purchase of computer and IT Equipment	939	-
5600-5671	Purchase of computer accessories	111	-

CHRISTIAN HEALTH ASSOCIATION OF MALAWI
INCOME AND EXPENDITURE SUMMARY REPORT
FOR THE YEAR ENDING 31 DECEMBER 2020

Draft

Appendix

		2020 MK'000	2019 MK'000
	Depreciation		
5800-5810	Office Buildings Depreciation	6,568	6,568
5800-5820	Owner-occupied property Depreciation	3,448	3,448
5800-5840	Furniture & Equipment Depreciation	3,403	3,437
5800-5855	Motor Vehicles Depreciation	39,992	57,440
5800-5860	Intangible Assets Amortisation	1,500	3,855
5800-5865	Movable storage Depreciation	1,925	1,925
5800-5870	ICT Equipment Depreciation	6,834	6,916
5820-5875	Bad Debt Provision	2,639	118,767
	Other		
7700-7715	External travel	629	1,098
8000-8005	Local Travel expenses	247	987
8000-8010	Maintenance of Office Equipment	4,997	1,318
8000-8015	Vehicle Service and Maintenance	9,639	3,223
8000-8020	Newspapers	435	591
8000-8025	Tel/fax/email/postage and courier charges	665	367
8000-8030	Project administration cost	-	24
8000-8035	Cleaning Services	907	1,272
8000-8040	Landscape Services	742	683
8000-8045	Stationery supplies	7,861	5,370
8000-8050	General Insurances, All Risks, Workers, Burglary, Fire etc	6,444	4,834
8000-8060	Residential houses maintenance	1,305	1,067
8000-8065	City rates	828	16
8000-8070	Consumables	6,939	4,783
8000-8080	Bank Charges	2,960	1,907
8000-8085	Vehicle Insurance	12,707	65
8000-8090	Local running fuel	1,848	3,649
8000-8095	Legal Fees	317	4,951
8000-8100	Water	381	965
8000-8105	Electricity	698	1,649
8000-8110	Security	13,974	2,972
8000-8115	IT Support	149	264
8000-8120	Internet subscription	10,089	5,599
8000-8125	Airtime/Communication	1,050	2,470
8000-8135	VAT	20	-
8000-8140	Vehicle Hire	1,813	-
8400-8405	Printing costs	6	-
7000-7115	Advertising	1,181	922
	Sub total	156,190	253,948
	Health Units Costs		
7000-7165	PE Budgets	58	23
	Sub Total	58	23
Total Expenditure		478,804	480,592