

# Draft

CHRISTIAN HEALTH ASSOCIATION  
OF MALAWI

FINANCIAL STATEMENTS

31 DECEMBER 2021

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# CHRISTIAN HEALTH ASSOCIATION OF MALAWI

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

# Draft

The Directors have pleasure in submitting their report together with the financial statements for the year ended 31 December 2021.

### 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 2021

# Draft

### 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 2022 financial statements and a resolution proposing their re-appointment will be tabled at the next Annual General Meeting.

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CHAIRPERSON

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DIRECTOR

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DATE

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DATE

# Draft

## CHRISTIAN HEALTH ASSOCIATION OF MALAWI

### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021

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:**

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DIRECTOR

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DIRECTOR

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

ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

Draft

### 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, the accompanying financial statements give a true and fair view of the financial position of Christian Heath Association in Malawi as at 31 December 2021, 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 of 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 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 an overall deficit of K7.4 million (2020: deficit of K37.8 million) and net current liabilities of M55.6million ( 2020: Net current assets of MK11.3 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.

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

ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

Draft

**Responsibilities of directors and those charged with governance for the financial statements**

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.

**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.

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

ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

Draft

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

- 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.
- 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.

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Graham Carr  
Chartered Accountants (Malawi)  
Cornwell Banda

Date:



CHRISTIAN HEALTH ASSOCIATION OF MALAWI

STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2021

Draft

	Note	2021 MK'000	2020 MK'000
<b>INCOME</b>			
Grant income utilised	4	35,721,348	28,403,460
Membership fees		370,798	206,880
Drug sales		8,286	9,661
Administration fees (projects)		30,594	7,895
Other income	3	170,641	216,507
<b>Total income</b>		<b>36,301,667</b>	<b>28,844,403</b>
<b>EXPENDITURE</b>			
Operating expenses	Appendix	(587,736)	(478,803)
Project expenses	4	(35,721,348)	(28,403,460)
<b>Total expenses</b>		<b>(36,309,084)</b>	<b>(28,882,263)</b>
<b>(Deficit) for the year</b>		<b>(7,417)</b>	<b>(37,860)</b>
<b>Other comprehensive income</b>			
Capital grants amortisation	14	(45,062)	(45,062)
<b>Total other comprehensive income</b>		<b>(45,062)</b>	<b>(45,062)</b>
<b>Total comprehensive (deficit) for the year</b>		<b>(52,479)</b>	<b>(82,922)</b>

*The notes on pages 11 to 29 form part of these financial statements  
Independent audit report - pages 4 to 6*

	Note	2021 MK'000	2020 MK'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant & equipment	5	2,262,887	713,614
Investment Properties	6	96,446	69,000
<b>Total non current assets</b>		<b>2,359,333</b>	<b>782,614</b>
<b>Current assets</b>			
Inventories	7	9,649	1,992
Trade & Other receivables	8	1,119,896	496,636
Project receivables		238,803	93,062
Cash and cash equivalents	9	942,412	591,016
<b>Total current assets</b>		<b>2,310,760</b>	<b>1,182,706</b>
<b>Total assets</b>		<b>4,670,093</b>	<b>1,965,320</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
General Fund-Secretariat	10	51,439	51,439
General Fund-Programmes	11	4,252	4,252
Capital Reserves	12	4,525	4,525
Revaluation Reserves	13	2,272,505	663,490
Capital Grants	14	95,091	140,153
Accumulated deficit	15	(169,472)	(162,055)
<b>Total reserves</b>		<b>2,258,341</b>	<b>701,805</b>
<b>Non current liabilities</b>			
Employee Benefit	16	45,385	69,511
<b>Total non current liabilities</b>		<b>45,385</b>	<b>69,511</b>
<b>Current Liabilities</b>			
Bank overdraft	8	-	106,099
Payables	17	802,559	616,641
Deferred Grant Income	4	1,563,809	471,264
<b>Total current liabilities</b>		<b>2,366,368</b>	<b>1,194,004</b>
<b>Total reserves and liabilities</b>		<b>4,670,093</b>	<b>1,965,320</b>

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 11 to 29 form part of these financial statements  
Independent audit report - pages 4 to 6*

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 2021

Draft

	General fund Secretariat MK'000	General fund programmes MK'000	Revaluation reserves MK'000	Capital reserve funds MK'000	Capital grants MK'000	Accumulated deficit MK'000	Total MK'000
Balance at 1 January 2020	51,439	4,252	663,490	4,525	185,215	(124,195)	784,726
Deficit for the year	-	-	-	-	-	(37,860)	(37,860)
Amortisation of Capital Grants	-	-	-	-	(45,062)	-	(45,062)
As at 1 January 2021	51,439	4,252	663,490	4,525	140,153	(162,055)	701,804
Deficit for the year	-	-	-	-	-	(7,417)	(7,417)
Amortisation of Capital Grants	-	-	-	-	(45,062)	-	(45,062)
Revaluation Surplus	-	-	1,609,015	-	-	-	1,609,015
As at 31 December 2021	51,439	4,252	2,272,505	4,525	95,091	(169,472)	2,258,340

*The notes on pages 11 to 29 form part of these financial statements  
Independent audit report - pages 4 to 6*

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021

Draft

	2021 MK'000	2020 MK'000
<b>Cash inflow from operating activities</b>		
(Deficit) for the year	(7,417)	(37,860)
Depreciation charge	45,431	63,670
Capital grant amortisation	(45,062)	(45,062)
	<u>(7,048)</u>	<u>(19,252)</u>
<b>Movements in working capital</b>		
(Increase)/decrease in inventories	(7,657)	2,637
(Increase) other receivables	(623,260)	(308,879)
(Decrease)/Increase in project receivables	(148,465)	72,861
Increase in other payables and employee benefits	161,791	311,035
	<u>(624,639)</u>	<u>58,402</u>
<b>Net cash (out)/ in flow from operating activities</b>		
<b>Cashflows from investing activities</b>		
Purchase of property, plant and equipment	(10,411)	-
	<u>(10,411)</u>	<u>-</u>
<b>Net cash (utilised in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Increase/(Decrease) in deferred income	1,092,545	(66,830)
	<u>1,092,545</u>	<u>(66,830)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		
<b>Increase/(decrease) in cash &amp; cash equivalents</b>		
Cash and cash equivalents at the beginning of the financial year	484,917	493,345
	<u>484,917</u>	<u>493,345</u>
<b>Cash and cash equivalents at the end of the financial year (Note 9)</b>	<u><u>942,412</u></u>	<u><u>484,917</u></u>

*The notes on pages 11 to 29 form part of these financial statements  
Independent audit report - pages 4 to 6*

## 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.

**SIGNIFICANT ACCOUNTING POLICIES( 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.

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**SIGNIFICANT ACCOUNTING POLICIES( Continued)**

**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 intergral 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.

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**SIGNIFICANT ACCOUNTING POLICIES( Continued)**

**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.

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.



**SIGNIFICANT ACCOUNTING POLICIES( Continued)**

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

**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.

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.

**SIGNIFICANT ACCOUNTING POLICIES( Continued)**

**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;
- 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.

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;
- 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.

**SIGNIFICANT ACCOUNTING POLICIES( Continued)**

**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

**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

**(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.

**(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.

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SIGNIFICANT ACCOUNTING POLICIES( Continued)

(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 flows.

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.

*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.

SIGNIFICANT ACCOUNTING POLICIES( Continued)

*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.

<b>3 OTHER INCOME</b>	<b>2021 MK'000</b>	<b>2020 MK'000</b>
Other grant income	17,224	15,110
Capital Grants Amortisation	45,062	45,062
Sundry income	84,837	142,371
Rental income-office block	16,189	9,773
Rent - residential houses	5,600	2,400
Forex gain	-	1,644
Interest received	1,729	147
	<u>170,641</u>	<u>216,507</u>

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## 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	140,807	2,868,672	77,344	1,945,164	1,141,659	-
CDC Preservice	135,787	447,363	16,304	545,160	54,294	-
CCH SCOPE	15,272	36,885	848	52,672	333	-
UNAIDS Current Account	4,369	-	-	170	4,199	-
CHAZ FP	2,899	18,706	(38)	3,353	18,214	-
FH360	-	418,971	-	347,965	71,006	-
GOM/MOH	(29,886)	26,532,660	2,360	26,593,048	-	(87,914)
SRH/EU	3,393	-	-	-	3,393	-
FH360	(16,024)	100,000	-	79,459	4,517	-
CHEMONICS	-	15,600	2,362	887	17,075	-
CHEMONICS	6,212	1,568	-	-	7,780	-
GIZ	1,271	-	26	26	1,271	-
NCA -2016	(2,880)	-	-	-	-	(2,880)
SLA	98,089	281,146	-	175,034	204,201	-
CDC HRH	27,296	1,806,281	68,140	1,989,170	-	(87,453)
CHEMONICS	35,867	-	-	-	35,867	-
SLA	(44,271)	3,972,955	-	3,980,720	-	(52,036)
NAC HRH	-	-	-	8,520	-	(8,520)
	<u>378,201</u>	<u>36,500,807</u>	<u>167,346</u>	<u>35,721,348</u>	<u>1,563,809</u>	<u>(238,803)</u>

#### 4 GRANT INCOME UTILISED/ DEFERRED INCOME

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 &amp; EQUIPMENT

	Land MK"000	Buildings MK"000	Owner occupied houses MK"000	Motor Vehicles MK"000	Furniture & Fittings MK"000	Computer/IT Equipment MK"000	Intangible Assets MK"000	Work in Progress MK"000	Total MK"000
<b>Cost</b>									
As at 01 January 2020	129,500	328,379	172,418	263,777	33,412	94,328	30,602	23,428	1,075,844
Additions	-	-	-	-	-	-	-	-	-
As at 1 January 2021	129,500	328,379	172,418	263,777	33,412	94,328	30,602	23,428	1,075,844
Additions	-	-	-	-	-	-	-	10,411	10,411
Revaluation	880,000	593,330	110,963	-	-	-	-	-	1,584,293
As at 31 December 2021	1,009,500	921,709	283,381	263,777	33,412	94,328	30,602	33,839	2,670,548
<b>Depreciation</b>									
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 01 December 2020	-	25,969	13,793	216,585	28,524	50,757	26,602	-	362,230
As at 01 January 2021	-	25,969	13,793	216,585	28,524	50,757	26,602	-	362,230
Charge for the year	-	-	-	33,521	2,711	7,699	1,500	-	45,431
As at 31 December 2021	-	25,969	13,793	250,106	31,235	58,456	28,102	-	407,661
<b>Carrying amount</b>									
As at 31 December 2021	1,009,500	895,740	269,588	13,671	2,177	35,872	2,500	33,839	2,262,887
As at 31 December 2020	129,500	302,410	158,625	47,192	4,888	43,571	4,000	23,428	713,614

The fair value measurements of the **secretariat's** leasehold and buildings as at 31 December 2021 were based on revaluation done on 18th November 2021 by SMN Properties, who are Chartered Property Valuers, 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.

	2021 MK'000	2020 MK'000
<b>6 INVESTMENT PROPERTY</b>		
Residential House	69,000	69,000
Revaluation surplus	27,446	-
	<u>96,446</u>	<u>69,000</u>
	<u><u>96,446</u></u>	<u><u>69,000</u></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>		
<b>7 INVENTORIES</b>		
Drugs	9,649	1,992
	<u>9,649</u>	<u>1,992</u>
	<u><u>9,649</u></u>	<u><u>1,992</u></u>
<b>8 TRADE AND OTHER RECEIVABLES</b>		
Membership fees	374,989	293,506
Provision for doubtful debts	(68,357)	(70,145)
	<u>306,632</u>	<u>223,361</u>
Other debtors	88,079	29,153
Salary in advance	9,378	9,596
Subgrant balances	527,725	88,050
Pension Board Expenses	4,047	6,851
Fuel Imprest	-	3,387
Unliquidated Cash advances	182,666	132,495
Prepayments	1,369	3,743
	<u>1,119,896</u>	<u>496,636</u>
	<u><u>1,119,896</u></u>	<u><u>496,636</u></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.

	2021 MK'000	2020 MK'000
<b>9 CASH AND CASH EQUIVALENTS</b>		
Fixed deposit	27,537	26,279
Dollar account(CDC)	1,545	36,050
CDC HIV Current account	202,864	102,833
Cham units current account	228,353	-
Dollar Account National Bank	31,041	43,342
Core Bank Account-Standard Bank	12,727	-
SLA Unit	163,566	24,688
MOH COVID	20,541	-
CHAM Salaries-Standard Bank	17,327	61,758
CHAM Core National Bank	2,830	13,458
Residential Property Standard Bank	36,656	30,003
CHAM SLA F irst Capital	613	6,717
DRF-Standard Bank	4,714	10,552
CHAM Gratuity Standard Bank	4,960	4,160
CHAM Euro account	9,781	1,224
UNAIDS Current Account	23	193
CDC HRH	31,853	83,525
FH360	49,633	5,758
CDC Preservice	66,153	120,232
CCIH SCOPE	16,163	3,426
CHAM Pensions	13,332	16,791
	<u>942,212</u>	<u>590,989</u>
Petty cash	200	27
	<u>942,412</u>	<u>591,016</u>
<b>Cash book overdraft</b>		
Cham units current account	-	(101,147)
Core Bank Account-Standard Bank	-	(4,952)
	<u>-</u>	<u>(106,099)</u>
<b>Total cash and cash equivalents as presented in the statement of cashflows</b>	<u><u>942,412</u></u>	<u><u>484,917</u></u>
<b>10 GENERAL FUND -SECRETARIATE</b>		
Balance brought forward	51,439	51,439
Balance carried forward	<u><u>51,439</u></u>	<u><u>51,439</u></u>

	2021 MK'000	2020 MK'000
<b>11 GENERAL FUND -PROGRAMMES</b>		
Balance brought forward	4,252	4,252
Balance carried forward	4,252	4,252
<b>12 CAPITAL RESERVES</b>		
Balance brought forward	4,525	4,525
Balance carried forward	4,525	4,525
<b>13 REVALUATION RESERVE</b>		
Balance brought forward	663,490	663,490
Arising during the year	1,609,015	-
Balance carried forward	2,272,505	663,490

This represents the surplus on revaluation of property, plant and equipment as detailed in note 5. 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
<b>COST</b>				
As at 01 Jan. 2021	10,091	250,541	70,251	330,883
Additions	-	-	-	-
As at 31 Dec. 2021	10,091	250,541	70,251	330,883
<b>Depreciation</b>				
As at 01 Jan. 2021	4,920	129,035	56,775	190,730
Charge for the year	1,514	34,464	9,084	45,062
As at 31 Dec. 2021	6,434	163,499	65,859	235,792
<b>Carrying amount</b>				
As at 31 Dec. 2021	3,658	87,042	4,392	95,091
As at 31 Dec. 2020	5,171	121,506	13,476	140,153

	2021 MK'000	2020 MK'000
<b>15 ACCUMULATED DEFICIT</b>		
Balance brought forward	(162,055)	(124,195)
(Deficit) for the year	(7,417)	(37,860)
<b>Balance carried forward</b>	<u>(169,472)</u>	<u>(162,055)</u>
<b>16 EMPLOYEE BENEFIT</b>		
<b>Severance pay</b>		
Balance brought forward	22,782	22,782
Payments during the year	-	-
<b>Balance as at 31/12/2021</b>	<u>22,782</u>	<u>22,782</u>
Gratuity	22,603	46,729
<b>Total as at 31/12/2021</b>	<u>45,385</u>	<u>69,511</u>
<b>Severance pay</b>		
<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>		
<b>17 PAYABLES</b>		
Malawi Revenue Authority taxes	46,100	73,748
Units Salary refunds	668,898	456,285
Creditors	1,329	2,829
Other payables and accruals	50,123	53,246
Prepaid income	29,021	23,445
CHAM Sacco	2,671	2,671
LifeNet salaries	4,417	4,417
	<u>802,559</u>	<u>616,641</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:

	2021 MK'000	2020 MK'000
Membership fees	370,798	206,880
Administration fees	30,594	7,895
	401,392	214,775
	401,392	214,775

Total funds received and transferred to or on behalf of projects were K36.5billion (2020: K28.4 billion) 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 2021.

**20 CAPITAL COMMITMENTS**

The Association had no capital commitments as at 31 December 2021.

**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 MK7.4 million (2020: deficit of MK37.8 million) and has net current liabilities of K55.6 million (2020: net current assets of K11.3 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.

	2021 MK	2020 MK
Kwacha/ GBP	1,189.34	1,096.82
Kwacha/Euro	997.58	989.44
Kwacha/US Dollar	816.91	772.35
Kwacha/Rand	61.04	56.41
Inflation rate	11.5%	7.6%

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

Kwacha/ GBP	-	-
Kwacha/Euro	-	-
Kwacha/US Dollar	-	-
Kwacha/Rand	-	-
Inflation rate (%)	-	-

CHRISTIAN HEALTH ASSOCIATION OF MALAWI

ADDITIONAL INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2021

Draft

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*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 2021

Draft

Appendix

		2021 MK'000	2020 MK'000
<b>EXPENDITURE</b>			
<b>Good Governance</b>			
7000-7035	Board meetings - Secretariat	19,956	14,630
7000-7036	Board Subcommittees meetings	2,368	-
7000-7030	Attend facilities board meetings	-	560
7000-7040	Board meetings - Facilities	-	542
7000-7050	Conduct Annual General Meeting	1,241	1,552
	<b>Sub Total</b>	<b>23,565</b>	<b>17,284</b>
<b>Financial Recovery and Sustainability</b>			
6000-6010	VVMC Supplies	396	-
6000-6020	Drugs pharmaceutical supplies	500	-
6000-6030	Cost of Sales	3,740	2,697
7000-7045	Collect membership fees	491	605
7000-7020	Fundraising Costs	500	2,030
8000-8055	External Audits	4,182	693
7700-7720	Internal Audit	3,203	2,149
7000-7120	Reserved	1,435	-
	<b>Sub Total</b>	<b>14,447</b>	<b>8,174</b>
<b>Networking and Advocacy</b>			
7000-7060	Attend conferences	13,547	114
7000-7125	Commemoration of Activities	1,552	27
7000-7130	Conduct Secretariat quarterly review meetings	186	516
7000-7135	Support Supervision in health Facilities	2,623	113
7000-7145	Visiting Facilities and properties	2,302	145
7000-7140	ACHAP Meetings and other external travel	82	-
7000-7065	Conduct Regional meetings	3,681	6,605
	<b>Sub Total</b>	<b>23,973</b>	<b>7,520</b>
<b>Human Resource Management</b>			
<b>Basic Salaries</b>			
5000-5000	Salaries	152,112	108,585
<b>Benefits</b>			
5500-5505	Benefits - Pension	16,812	26,483
5500-5510	Benefits - Gratuity	96,920	5,993
5500-5515	Benefits - Group life	1,093	801
5500-5520	Benefits - Medical Cover	31,067	47,382
5500-5525	Benefits - Leave grant	-	182
5500-5530	Benefits - Airtime	-	834
5500-5535	Benefits - Fuel	8,250	4,843
5500-5545	Benefits - Tevet	549	1,086
5500-5550	Benefits - Fringe benefit tax	7,456	9,539
7000-7080	Recruitments	391	4,170
7000-7085	Social Welfare	139	380

## CHRISTIAN HEALTH ASSOCIATION OF MALAWI

INCOME AND EXPENDITURE SUMMARY REPORT  
FOR THE YEAR ENDING 31 DECEMBER 2021

Draft

Appendix

		2021 MK'000	2020 MK'000
7000-7075	Retreat for cham staff	-	646
7000-7090	Staff professional Subscriptions	1,689	4,586
7000-7095	Staff Development Costs	497	8,225
7000-7100	Cost of debt recovery	-	143
7000-7105	Staff relocation costs	956	556
7000-7110	Networking and Public relations	-	347
7200-7230	Human resource training	3,172	8,000
	<b>Other Compensation</b>		
8200-8225	Allowances for interns	6,584	-
8200-8230	Casual labour	187	323
8200-8235	Units pension	561	-
8200-8240	HCW Salaries	-	32,866
	<b>Sub Total</b>	<b>328,435</b>	<b>265,970</b>
<b>Coordination and Technical Support for Health Services</b>			
7000-7015	Affiliation fees	1,663	1,375
7400-7405	Conduct review and planning meetings	-	254
7400-7406	Conduct coordination meetings with partners	143	754
7400-7410	Brief meetings	279	-
7400-7425	Regional coordination meeting	-	877
7400-7425	Sensitisation meetings	-	108
7400-7427	Convene FBO Partners & non partners	-	186
7800-7805	Awareness campaign	124	-
7800-7807	Facility based review meetings	1,153	-
7800-7820	Outreach clinics	12	-
7800-7844	Reserved	-	97
	<b>Trainings</b>		
7200-7210	Emergency preparedness & response	3,685	-
7200-7215	Conduct facility based orientation	1,513	24
7200-7225	Conduct training for health workers	5,045	49
7200-7235	Induction/ Orientation of HCW	-	108
7200-7245	Biannual HIV Care	104	-
7200-7255	Clinical Officers	1,350	-
7200-7265	Medical Assistants	580	-
7200-7275	College graduations	558	-
7200-7285	Training sessions for HCWs	660	-
7200-7305	Exchange/learning visits	6,526	-
7200-7355	Training project staff in data collections	857	-
7200-7362	Refresher training for YCBDAs	156	774
	<b>Sub Total</b>	<b>24,408</b>	<b>4,606</b>

## CHRISTIAN HEALTH ASSOCIATION OF MALAWI

INCOME AND EXPENDITURE SUMMARY REPORT  
FOR THE YEAR ENDING 31 DECEMBER 2021

Draft

Appendix

		2021 MK'000	2020 MK'000
<b>Monitoring, Evaluation and Research</b>			
7000-7160	Webhosting and domain	31	-
7000-7161	Pay fees for Emails	4,764	2,678
7000-7162	Pay for antivirus and firewall renewal	1,079	-
7000-7163	Software maintenance	432	-
7000-7164	Pay Fees for Website	1,500	-
7000-7070	Software licences/ renewals	3,225	10,866
7600-7625	Sensitisation , documentation of best practice	6,125	-
7600-7635	Report writing	57	-
7600-7630	Functional reviews	-	2,699
7600-7645	Review of standards	-	52
766-7655	Conduct Q A/Q assessment in all colleges	140	-
7600-7660	Project evaluation	2,838	-
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
7700-7735	Monitoring & evaluation	4,064	-
7700-7745	Preservice HIV/AIDS	1,183	-
	<b>Sub Total</b>	<b>25,438</b>	<b>19,002</b>
<b>Secretarial Operation Costs</b>			
<b>Capital Expenditure</b>			
5600-5661	Procure Accounting package	5,999	-
5600-5670	Purchase of computer and IT Equipment	133	939
5600-5671	Purchase of computer accessories	307	111
<b>Depreciation</b>			
5800-5810	Office Buildings Depreciation	-	6,568
5800-5820	Owner-occupied property Depreciation	-	3,448
5800-5840	Furniture & Equipment Depreciation	2,711	3,403
5800-5855	Motor Vehicles Depreciation	33,521	39,992
5800-5860	Intangible Assets Amortisation	1,500	1,500
5800-5865	Movable storage Depreciation	1,925	1,925
5800-5870	ICT Equipment Depreciation	5,774	6,834
5820-5875	Bad Debt Provision	-	2,639

## CHRISTIAN HEALTH ASSOCIATION OF MALAWI

INCOME AND EXPENDITURE SUMMARY REPORT  
FOR THE YEAR ENDING 31 DECEMBER 2021

Draft

Appendix

		2021 MK'000	2020 MK'000
	<b>Other</b>		
7700-7715	External travel	-	629
8000-8005	Local Travel expenses	4,573	247
8000-8010	Maintenance of Office Equipment	4,453	4,997
8000-8015	Vehicle Service and Maintenance	2,824	9,639
8000-8020	Newspapers	54	435
8000-8025	Tel/fax/email/postage and courier charges	2,017	665
8000-8030	Project administration cost	7,727	-
8000-8035	Cleaning Services	2,458	907
8000-8040	Landscape Services	1,381	742
8000-8045	Stationery supplies	4,122	7,861
8000-8050	General Insurances, All Risks, Workers, Burglary, Fire etc	-	6,075
8000-8060	Residential houses maintenance	184	1,305
8000-8065	City rates	1,893	828
8000-8070	Consumables	17,931	6,939
8000-8075	Car Park maintenance	2,372	735
8000-8080	Bank Charges	5,852	2,593
8000-8085	Vehicle Insurance	-	12,707
8000-8090	Local running fuel	1,640	1,848
8000-8095	Legal Fees	4,956	317
8000-8100	Water	207	381
8000-8105	Electricity	4,979	698
8000-8110	Security	6,757	13,974
8000-8115	IT Support	2,392	149
8000-8120	Internet subscription	5,460	10,089
8000-8125	Airtime/Communication	1,511	1,050
8000-8135	VAT	-	20
8000-8140	Vehicle hire	3,160	1,813
8400-8405	Printing costs	-	6
7000-7115	Advertising	3,197	1,181
		<b>143,970</b>	<b>156,189</b>
	<b>Health Units Costs</b>		
7000-7165	PE Budgets	-	58
8600- 8630	Other interventions	3,500	-
	<b>Sub Total</b>	<b>3,500</b>	<b>58</b>
<b>Total Expenditure</b>		<b>587,736</b>	<b>478,803</b>