



**UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

**National Audit Office
Lilongwe 3**

May, 2018

**UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE**

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The University of Malawi Act; requires Members of the Council to prepare financial statements for each year, which give a true and fair view of the state of the financial position of College of Medicine, a constituent college of the University of Malawi as at the end of the financial year and of the results for that year.

The Act also requires Members of the Council to ensure that the College keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with relevant legislation.

In preparing the financial statements, the Members of the Council accept responsibility for the following:-

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgement 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 College will continue in business.

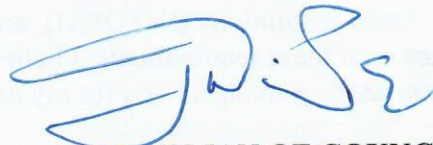
Members of the Council also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the college and to maintain adequate systems of internal control to prevent and detect fraud and other irregularities.

Members of the Council are of the opinion that the financial statements present fairly, in all material respects, the financial affairs of the College and its operating results.



VICE- CHANCELLOR

DATE.....17/5/18.....



CHAIRMAN OF COUNCIL

DATE.....17/05/18.....

**UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE**

Telephone: + 265 1 770 700
Facsimile: +265 1 773 071
 +265 1 776 125
 +265 1 774 138

All Communications should be addressed to:
National Audit Office



In reply please quote No.

NATIONAL AUDIT OFFICE
P.O. BOX 30045
CAPITAL CITY
LILONGWE 3
MALAWI

AUDITOR GENERAL

**AUDITOR GENERAL'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF
MALAWI ON THE FINANCIAL STATEMENTS OF THE COLLEGE OF MEDICINE
FOR THE YEAR ENDED 30TH JUNE, 2017**

Opinion

I have audited the accompanying financial statements of the College of Medicine which comprise the Statement of Financial Position as at 30 June 2017 and the Statement of Comprehensive Income and Expenditure, Statement of Changes in Funds and Statement of Cash Flows for the year then ended as set out on pages 4 to 7, and related accounting policies and notes to the accounts presented on pages 8 to 38.

In my opinion, the financial statements present fairly, in all material respects, the financial position of College of Medicine as at 30 June 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and best public sector accounting practice.

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the College of Medicine in accordance with the International Standards of Supreme Audit Institutions 30- *Code of ethics* (ISSAI 30) as promulgated by the International Organisation of Supreme Audit Institutions (INTOSAI), and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have determined that there is no need to communicate key audit matters in my report due the nature of the audited entity.

**UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE**

The Council Members' Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Report Standards (IFRS), Donor terms of agreement and financial provisions and for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the College's Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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 College's Financial Statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

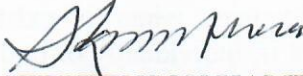
I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

**UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE**

From the matters communicated with those charged with governance, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances,

I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement auditor on the audit resulting in this independent Auditor General's report is:


**STEPHENSON KAMPHASA
AUDITOR GENERAL
NATIONAL AUDIT OFFICE
LILONGWE
MALAWI**

Date: 22th May, 2018



UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2017

| | Note | 2017 K'000 | 2016 K'000 |
|--|------|----------------------------|----------------------------|
| Revenue | | | |
| Subvention | 3 | 4,044,430 | 3,676,060 |
| Fees | | 1,474,438 | 1,276,290 |
| Projects grants and research income | 4 | 10,303,201 | 9,550,268 |
| Other income | 5 | 245,370 | 286,211 |
| Sports Complex Centre income | | <u>226,640</u> | <u>169,447</u> |
| Total income | | <u>16,294,079</u> | <u>14,958,276</u> |
| Expenditure | | | |
| Teaching and research | 6 | 2,837,719 | 2,674,341 |
| Student living | 7 | 216,154 | 320,306 |
| Administration | 8 | 1,440,681 | 1,116,052 |
| Maintenance | 9 | 607,264 | 550,479 |
| Transport and travelling | 10 | 178,937 | 150,206 |
| ICT Department | 11 | 203,538 | 156,671 |
| Common service / other charges | 12 | 45,885 | 39,707 |
| Sports Complex expenses | 13 | 200,927 | 154,488 |
| Guest House | 14 | 9,874 | 32,043 |
| Project and research expenses | 15 | <u>6,159,020</u> | <u>6,482,364</u> |
| Total expenditure | | <u>(11,899,999)</u> | <u>(11,676,657)</u> |
| Surplus before designated funds | | 4,394,080 | 3,281,619 |
| Designated funds | | (4,144,182) | (3,067,903) |
| Capital expenditure (Note 16) | | (852,937) | (539,681) |
| Release from capital fund | | <u>801,424</u> | <u>652,420</u> |
| Surplus/(Deficit) for the year | | <u>198,385</u> | <u>326,455</u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

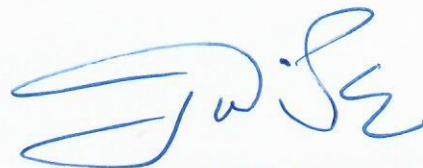
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

| | Note | 2017 K'000 | 2016 K'000 |
|------------------------------------|------|--------------------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 16 | <u>16,765,422</u> | <u>16,638,955</u> |
| Current assets | | | |
| Inventories | 17 | 1,649 | 2,441 |
| Receivables | 18 | 2,124,803 | 1,595,200 |
| Cash and cash equivalents | 19 | <u>5,980,060</u> | <u>4,720,891</u> |
| Total current assets | | <u>8,106,512</u> | <u>6,318,532</u> |
| Total assets | | <u>24,871,934</u> | <u>22,957,487</u> |
| FUNDS AND LIABILITIES | | | |
| Funds | | | |
| Capital funds | 20 | 5,140,972 | 5,014,504 |
| Revaluation reserves | | 11,624,449 | 11,624,449 |
| General funds | 21 | 989,168 | 820,409 |
| Designated funds | 22 | <u>5,883,921</u> | <u>4,265,609</u> |
| Total funds | | <u>23,638,510</u> | <u>21,724,971</u> |
| Current liabilities | | | |
| Bank overdraft | 19 | 190,257 | 288,901 |
| Payables | 23 | <u>1,043,167</u> | <u>943,615</u> |
| Total current liabilities | | <u>1,233,424</u> | <u>1,232,516</u> |
| Total funds and liabilities | | <u>24,871,934</u> | <u>22,957,487</u> |



VICE- CHANCELLOR

DATE.....17/5/18.....



CHAIRMAN OF COUNCIL

DATE.....17/05/18.....

STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 30 JUNE 2017

| | Capital fund K'000 | Revaluation Surplus K'000 | General funds K'000 | Designated Funds K'000 | Total K'000 |
|--|--------------------------|---------------------------------|---------------------------|------------------------------|-------------------|
| Balance at 01 July 2015 | 5,310,742 | 11,624,449 | 493,955 | 2,496,040 | 19,925,186 |
| Capital assets procured during the period (main & project) | 539,681 | - | - | - | 539,681 |
| Depreciation charge for the year (main & projects) | (652,420) | - | - | - | (652,420) |
| Adjustments due to projects assets transfers | (395,907) | - | - | - | (395,907) |
| Adjustments on depreciation due to transfer of assets | 212,408 | - | - | - | 212,408 |
| Surplus/Deficit for the year | - | - | 326,455 | - | 326,455 |
| Net movement | - | - | 326,455 | 1,769,569 | 1,769,569 |
| Balance at 30 June 2016 | 5,014,504 | 11,624,449 | 820,409 | 4,265,609 | 21,724,971 |
| Balance at 01 July 2016 | 5,014,504 | 11,624,449 | 820,409 | 4,265,609 | 21,724,971 |
| Capital assets procured during the period main and project | 1,014,204 | - | - | - | 1,014,204 |
| Depreciation charge for the year main & projects | (890,901) | - | - | - | (890,901) |
| Fixed assets disposal (Main & Projects) | (19,142) | - | - | - | (19,142) |
| Accumulated depreciation on disposal | 22,307 | - | - | - | 22,307 |
| Prior year adjustments | - | - | (29,626) | - | (29,626) |
| Surplus/(Deficit) for the year | - | - | 198,385 | - | 198,385 |
| Net movement | - | - | 198,385 | - | 198,385 |
| Balance at 30 June 2017 | 5,140,972 | 11,624,449 | 989,168 | 5,883,921 | 23,638,510 |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE, 2017

| | 2017 | 2016 |
|---|-------------------------|-------------------------|
| | K'000 | K'000 |
| Cash flows from operating activities | | |
| Operating cash flows before movements in working capital | 198,385 | 326,455 |
| Movements in working capital | | |
| Decrease /(Increase) in inventories | 792 | 3,378 |
| Decrease in receivables | (434,944) | 284,562 |
| Project funds receivables | (21,544) | (120,380) |
| Increase in payables | <u>(3,188)</u> | <u>44,243</u> |
| Cash (used in)/generated from operations | (260,499) | 538,258 |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | <u>(852,937)</u> | <u>(539,680)</u> |
| Net cash used in investing activities | (852,937) | (539,680) |
| Net cash flow before financing | (1,113,436) | (1,422) |
| Cash flows from financing activities | | |
| Designated funds | 1,618,312 | 1,681,080 |
| Capital fund | <u>852,937</u> | <u>539,680</u> |
| Net cash flow from financing activities | 2,471,249 | 2,220,760 |
| Net increase in cash and cash equivalents | 1,357,812 | 2,219,338 |
| Cash and cash equivalents at the beginning of the financial year | <u>4,431,990</u> | <u>2,212,652</u> |
| Cash and cash equivalents at the end of the financial year (note 19) | <u>5,789,803</u> | <u>4,431,990</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements, presented in Malawi Kwacha, were prepared in accordance with the *International Financial Reporting Standards* (IFRSs). The financial statements were prepared using accounting policies which the University of Malawi adopted and consistently applied throughout the reporting period.

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

1.2 Presentation currency

The financial statements have been presented in Malawi Kwacha (MK). Figures presented in the financial statements have been rounded up to the nearest a thousand.

1.3 Accounting estimates

In preparing financial statements, management make estimates, judgments and assumptions which affect amounts presented in the financial statements and other financial information. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

2.0 SIGNIFICANT ACCOUNTING POLICIES

The University of Malawi adopted the accounting policies outlined in paragraphs 2.1 to 2.11. These policies were also applied consistently during the reporting period.

2.1 Property, Plant and Equipment (PPE)

2.1.1 Recognition and Initial measurement

The cost of an item of PPE is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the University; and
- The cost of the item can be measured reliably.

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

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

PPE is carried at cost less accumulated depreciation and any impairment losses except for property and motor vehicles which are carried at revalued amount being the fair value at the date of revaluation less any subsequent depreciation and subsequent accumulated impairment losses.

Assets acquired under finance leases are capitalised, outstanding balances are shown as part of lease payables.

2.1.2 Subsequent expenditure

Expenditure incurred to replace a component of an item of PPE is recognised in full when it is incurred and added to the carrying amount of the asset. It will be depreciated over its expected useful economic life, which may be different from the expected life of the other components of the asset. The carrying amount of the item being replaced is derecognised when the replacement takes place.

2.1.3 Depreciation

Depreciation is recognised so as to write off the cost of valuation of assets (other than freehold land and properties under construction) less their residual values over their useful economic lives using the straight-line method

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.1.3 Depreciation (*Continued*)

When an item of PPE is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The revaluation surplus in funds related to a specific item of PPE is transferred directly to general fund when the asset is de-recognized.

The estimated economic useful lives, residual values and depreciation method are reviewed at each year end with the effect of any changes in estimates accounted for on a prospective basis.

| Categories | Average Useful lives |
|-------------------------|----------------------|
| Land and building | 40 years |
| Motor Vehicle | 5 years |
| Furniture and equipment | 5 years |
| Computers | 4 years |

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising from recognition of an item of PPE is included in surplus or deficit when the item is de-recognized. The gain or loss arising from de-recognition of an item of PPE is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.1.4 Impairment and Valuation

The carrying amounts of PPE are reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, assets recoverable amount is estimated. In impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in surplus or deficit.

**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017**

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

At each financial reporting date, carrying amounts of tangible assets are reviewed to determine whether there is any indication that those assets suffered an impaired loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of this recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried as a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Valuation of Land and Buildings

These were valued by Chartered Surveyors of the Polytechnic as at 30 June, 2017 and the values have been recognized in Work in Progress

2.2 Foreign currency transactions

Foreign currency transactions are translated into Malawi Kwacha at spot rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Malawi Kwacha at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Malawi Kwacha at foreign exchange rates ruling at the date that values were determined.

2.3 Income

When the outcome of transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized by reference to the stage of completion of transaction at the end of the reporting period.

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

The outcome of transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the University;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

2.3.1 Government subvention

Government subvention is recognized in the statement of comprehensive income upon receipt of fund from Central Government.

2.3.2 Government grants

Government grants are recognized when there is reasonable assurance that;

- The University will comply with the conditions attaching to them; and
- The grants will be received.

Government grants are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognized as income of the period in which it becomes receivable.

**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017**

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants related to income are deducted from the related expense.

Repayment of a grant related to income is applied first against any unamortized deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognized immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognized to date as an expense in the absence of the grant is recognized immediately as an expense.

2.3.3 Fees and financial contributions

Fees and financial contributions are recognized in the financial statements on an accruals basis.

2.3.4 Project grants and research income

Project grants and research income are funds received for specific purposes. These are recognized as income in the period they are received in order to match them with the related costs that they are intended to compensate.

2.3.5 Interest income

Interest income represents the interest earned and accrued for the year on investments and staff loans.

2.3.6 Income generating activities

Income from income generating activities is measured at the fair value of the consideration received or receivable.

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.4 Financial instruments

The University groups financial assets and financial liabilities into the following categories,

- Financial assets at fair value through profit or loss held for trading;
- Loans and receivables;
- Available for sale financial assets; and
- Financial liabilities measured at a mortised cost.

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

2.4.1 Initial recognition and measurement

Financial instruments are recognized initially when the University becomes a party to the contractual provisions of the instruments. The University classifies financial instruments or their component parts, on initial recognition as a financial asset; a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determine, which are measured at cost and classified as available- for financial assets. For financial instruments which are not at fair value, through statement of comprehensive income, transaction costs are included in the initial measurement of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.4.2 Subsequent measurement

Financial instruments at fair value through or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for period.

Loans and receivables are subsequently measured at amortized cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in funds until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognized in statement of comprehensive income as part of other income. Dividends received on available-for-sale equity instruments are recognized in statement of comprehensive income as part of other income when the University's right to receive is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analyzed between translation differences resulting from changes in amortized cost and other changes in the carrying amount. Translation differences on monetary items are recognized in surplus or deficit, while translation differences on non-monetary items are recognized in other comprehensive income and accumulated in funds.

Financial liabilities at amortized cost are subsequently measured at amortized cost, using the effective interest method.

2.5 Receivables

Receivables comprise of student receivables, staff receivables, prepayment, staff advances, and sundry non-trade receivables. These are measured at amortized cost. An impairment loss is recognized in statement of income, where there is objective evidence that it is impaired.

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

2.6 Cash and cash equivalents

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

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of the fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.8 Provisions and contingencies

Provisions are recognized when:

- The University has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

If the University has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. Contingent assets and liabilities are not recognized. Contingencies are disclosed in notes to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

2.0 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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

2.9 **Superannuation**

The University contributes to a defined contribution scheme for employees. Contributions are charged to the statement of income.

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

| 3 | GOVERNMENT SUBVENTION | 2017 MK'000 | 2016 MK'000 |
|---|--|--------------------------|-------------------------|
| | Annual operations | 4,044,430 | 3,676,060 |
| | Total subvention | <u>4,044,430</u> | <u>3,676,060</u> |
| 4 | PROJECT GRANTS AND RESEARCH INCOME | | |
| | Unspent funds from previous years | 3,067,903 | 1,473,625 |
| | Grants received (note 24) | 6,813,426 | 6,647,642 |
| | Research projects - processing and administration fees | 24,384 | 9,655 |
| | Interest received | 34,624 | 52,708 |
| | RSC administration fees | - | 22,174 |
| | Income from building | 177 | 5,447 |
| | Other income | 206,247 | 127,840 |
| | Exchange gain | 156,440 | 1,211,177 |
| | Total project grants and research income | <u>10,303,201</u> | <u>9,550,268</u> |
| 5 | OTHER INCOME | | |
| | Interest earned | 114,441 | 18,662 |
| | Catering sales | 1,500 | 7,854 |
| | Conferences/workshops | 36,966 | 17,397 |
| | Donations & grants | 17,565 | 52,668 |
| | Profit on disposal | - | 93,623 |
| | Exchange gain | 3,142 | 96,007 |
| | Sundry income | 71,756 | 286,211 |
| | Total other income | <u>245,370</u> | <u>286,211</u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

6. TEACHING AND RESEARCH

| | 2017 K'000 | 2016 K'000 |
|---|---------------|---------------|
| Salaries | 1,874,877 | 1,869,150 |
| Tevet Levy | 27,226 | 20,041 |
| Telephone | 15,551 | 22,840 |
| Stationery | 40,320 | 33,851 |
| Staff training & development | 28,672 | 15,997 |
| Postgraduate programmers – training | 26,382 | 4,356 |
| Repairs - other equipment | 2,532 | 3,225 |
| Postage/document delivery | 468 | 745 |
| Perks | 112,805 | 80,795 |
| Passages | 5,452 | 6,293 |
| Meeting expenses | 43,889 | 28,033 |
| Security Services | | 2,046 |
| Gratuity | 12,333 | 46,927 |
| <u>General expenses</u> | 22,259 | 27,863 |
| Examination expenses | 107 | - |
| Advertising | 2,532 | 1,768 |
| Maintenance -property & premises | - | 4,113 |
| Electricity | - | 757 |
| Water | 350 | 24,333 |
| Allowances - acting/resp./duty/warden's | 42,373 | 78 |
| Consumables/cleaning | 54,710 | 11,811 |
| Teaching materials | 5,443 | 6,125 |
| Student attachments | 542 | 219 |
| Conferences & workshops | 1,476 | 1,840 |
| Fuels & oils | 1,775 | 4,024 |
| Mileage claim | 39,607 | 28,102 |
| Subsistence Allowance | 3,235 | 2,380 |
| Finance charges | 33,509 | 25,218 |
| Medical expenses | 268,769 | 254,342 |
| Superannuation costs | 3,279 | 184 |
| Furniture and fittings | 318 | - |
| Hiring of vehicles | - | 3,006 |
| Exchange loss | - | 143 |
| Subscriptions | 1,137 | |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

6. TEACHING AND RESEARCH (Continued)

Library

| | 2017 | 2016 |
|------------------------------------|-------------------------|-------------------------|
| | K'000 | K'000 |
| Salaries | 82,455 | 93,434 |
| Tevet Levy | 1,419 | 1,129 |
| Perks | 16,273 | 15,399 |
| Superannuation costs | 18,941 | 21,505 |
| Subsistence allowance | 1,799 | 1,625 |
| <u>General expenses</u> | | |
| Books | 14,467 | 173 |
| Training & development | 500 | - |
| Stationery | 6,529 | 1,025 |
| Subscriptions | 10,619 | 4,370 |
| Masm/medical expenses | 2,852 | 2,721 |
| Consumables and cleaning | - | 287 |
| Mileage refund | 112 | 51 |
| Meetings | 1,371 | 1,420 |
| Phone/fax/e-mail | 375 | 104 |
| Professional charges | - | 493 |
| Repairs – other equipment | 8,079 | - |
| Total teaching and research | <u><u>2,837,719</u></u> | <u><u>2,674,341</u></u> |

7. STUDENT LIVING

| | | |
|---|-----------------------|-----------------------|
| Wages | 14,807 | 13,978 |
| Tevet Levy | 308 | 151 |
| Superannuation costs | 7,419 | - |
| <u>General expenses</u> | | |
| Meals & meal coupon | 150,402 | 265,267 |
| Allowances - acting/resp./duty/warden's | 4,017 | 8,602 |
| Phone/fax/e-mail | 855 | 29 |
| Repairs – other equipment | 13,434 | 5,518 |
| Mileage Refund- Subsistence allowances | - | 198 |
| MASM/medical expenses | 17,314 | 23,049 |
| Student Welfare | 96 | (7) |
| Printing stationery | 4,471 | - |
| Student Union activities | 3,031 | 3,521 |
| Total student living expenses | <u><u>216,154</u></u> | <u><u>320,306</u></u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

8. ADMINISTRATION

| | 2017 | 2016 |
|--------------------------------|---------|---------|
| | K'000 | K'000 |
| Salaries | 335,663 | 291,222 |
| Staff benefits outside payroll | 13,563 | 8,414 |
| Staff benefits | 46,240 | 46,372 |
| Superannuation costs | 58,495 | 51,677 |
| <u>General expenses</u> | | |
| Advertising | 12,822 | 15,254 |
| Fuels and oils | 14,229 | 636 |
| Ceremonies/graduation/open | 1,330 | 2,097 |
| TEVETA Levy | 5,362 | 3,262 |
| Postgraduate programmes | 8,906 | 1,973 |
| Conferences & workshops | 496 | 6,913 |
| Stationery | 55,713 | 51,296 |
| Passage | 1,170 | - |
| Telephone | 30,331 | 18,952 |
| Repairs - office equipment | 985 | 668 |
| Consumables/cleaning | 6,450 | 4,869 |
| Meeting expenses | 39,593 | 13,293 |
| Postage/document delivery | 5,142 | 3,937 |
| Tools and other equipment | 5,672 | 409 |
| Council expenses | - | 126 |
| Staff training & development | 37,971 | 14,027 |
| Staff and students welfare | 2,577 | 457 |
| Meals and meal coupons | 19,129 | 550 |
| City and Rent Expenses | 69,649 | 17,692 |
| Examination expenses | 7,953 | 8,179 |
| Hospitality | 1,037 | 1,998 |
| Finance charges | 36,042 | 10,329 |
| MASM/medical expenses | 11,176 | 11,637 |
| Mileage claim | 499 | 123 |
| Gratuity | 3,899 | 10,089 |
| Subscriptions | 2,832 | 5,398 |
| Subsistence allowance | 38,687 | 32,775 |
| Student Uniform | 1,234 | - |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

8. ADMINISTRATION (continued)

| | 2017 | 2016 |
|--|-------------------------|-------------------------|
| | K'000 | K'000 |
| Office equipment | 7,549 | 720 |
| Professional charges | 36,606 | 20,477 |
| Mangochi campus IGA expenses | 19,783 | - |
| Exchange loss | 351 | 39,222 |
| Depreciation Charge-Buildings | 366,064 | 342,848 |
| Depreciation Charge- Motor Vehicle | 16,570 | - |
| Depreciation Charge- Furniture; Fittings | <u>118,911</u> | <u>78,161</u> |
| Total administration expenses | <u>1,440,681</u> | <u>1,116,052</u> |

9 MAINTENANCE

General expenses

| | | |
|-----------------------------------|-----------------------|-----------------------|
| Electricity | 146,299 | 89,226 |
| Water | 148,078 | 154,743 |
| Repairs – buildings | 70,915 | 31,273 |
| Repairs - property and premises | 1,134 | 2,364 |
| Cleaning Services and Consumables | 117,089 | 60,853 |
| Subsistence allowance | - | 24 |
| Security services | 123,749 | 211,188 |
| Furniture & Fittings | <u>-</u> | <u>808</u> |
| Total maintenance expenses | <u>607,264</u> | <u>550,479</u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

10. TRANSPORT AND TRAVELING

| | 2017 | 2016 |
|---------------------------------------|-----------------------|-----------------------|
| | K'000 | K'000 |
| Wages | 37,565 | 45,179 |
| TEVET Levy | 650 | 462 |
| MASM/medical expenses | 856 | 577 |
| Superannuation costs | 8,715 | 8,660 |
| General expenses | | |
| Training & Staff Development | 910 | - |
| Mileage claim | 83 | 103 |
| Fuel and oils | 41,239 | 38,848 |
| Subsistence allowance | 16,244 | 10,188 |
| Allowances Acting/Resp./Duty/Warden's | 7,022 | - |
| Motor repairs and maintenance | 54,712 | 33,117 |
| Motor licensing | 10,739 | 12,572 |
| Consumables and cleaning vehicles | 106 | 423 |
| Phone/fax/e-mail | 96 | 77 |
| Total transport and traveling | <u><u>178,937</u></u> | <u><u>150,206</u></u> |

11 ICT DEPARTMENT

| | | |
|----------------------------------|-----------------------|-----------------------|
| Salaries | 47,643 | 46,786 |
| TEVET/Levy | 913 | 554 |
| Perks/Staff Benefits | 11,405 | 7,745 |
| Superannuation costs | 1,691 | 1,464 |
| MASM/Medical expenses | 1,329 | 903 |
| <u>General expenses</u> | | |
| Telephone | 115,627 | 87,512 |
| Stationery | 865 | 108 |
| Repairs - office equipment | 2,964 | 4,922 |
| Consumables & cleaning materials | 2,799 | 10 |
| Mileage Refund | 20 | 60 |
| Meetings | 6,713 | 172 |
| Postage & stationery | - | 4 |
| Subsistence allowance | 7,398 | 1,569 |
| Conference & Workshops | 1,653 | - |
| Gratuity | 2,518 | 4,863 |
| Total for ICT Department | <u><u>203,538</u></u> | <u><u>156,671</u></u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

| 12 | COMMON SERVICE/OTHER CHARGES | 2017 K'000 | 2016 K'000 |
|----|---|-----------------------|-----------------------|
| | Student sports expenses | 200 | 5,133 |
| | General insurance | 23,558 | 23,079 |
| | MASM/medical expenses | - | 1,711 |
| | Fringe Benefits Tax | 9,258 | 7,812 |
| | Legal Charges | 11,479 | - |
| | Staff Sports Expenses | 1,390 | - |
| | Students attachments | - | 25 |
| | Ceremonies/graduation/open days | - | 1,947 |
| | Total common service and other charges | <u>45,885</u> | <u>39,707</u> |
| 13 | SPORTS COMPLEX CENTRE | | |
| | TEVET/Levy - Sports Complex Centre | 1,621 | 180 |
| | MASM/Medical expense | - | 331 |
| | Operation expenses | 199,306 | 153,977 |
| | Total Sports Complex Centre expenses | <u>200,927</u> | <u>154,488</u> |
| 14 | GUEST HOUSE - MOUNT PLEASANT | | |
| | Salaries and wages | 1,866 | 12,073 |
| | TEVET/Levy | 141 | 150 |
| | Gratuity/ Staff Benefits | 5,881 | 7,020 |
| | Phone/fax/e-mail | - | 86 |
| | Electricity | 181 | 1,318 |
| | Water | 361 | 1,516 |
| | Meetings | - | 90 |
| | Maintenance and repairs – equipment | - | 171 |
| | Maintenance and repairs – building | - | 171 |
| | Maintenance - property and premises | - | 150 |
| | Consumables and cleaning materials | 1,260 | 98 |
| | Meals and meal coupon | 14 | 8,595 |
| | Finance charges | 134 | 157 |
| | Security Services | - | 146 |
| | MASM/Medical expenses | 36 | 302 |
| | Total Guest House expenses | <u>9,874</u> | <u>32,043</u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

15 PROJECT AND RESEARCH EXPENSES

| | 2017 | 2016 |
|---------------------------------------|---------|---------|
| | K'000 | K'000 |
| ADAPT Project | 7,516 | 16,907 |
| AMARI | 43,151 | 26,020 |
| Antibiotic in Miscarriage Surgery | - | 43,141 |
| ACE PHEM | 57,836 | - |
| ARCADE project | 30 | 2,881 |
| Beanish Project | 53,560 | 49,536 |
| BMFG Xenomonitoring Project | 329 | 16,067 |
| AIMS Project | 68,176 | - |
| Breitch Project | - | 18,067 |
| BSc Int. Med, Gyenae & Anaesthesia | 1,976 | 80,903 |
| Capacity Build in Research Grants | 112 | 1,443 |
| Care for development project | - | 6,022 |
| CBM Project | 53 | 9,588 |
| CDC HIV Fellowship | 3,056 | 7,629 |
| CDC IMEM | 681,327 | 314,452 |
| CDC Partnership project | 253,908 | 180,419 |
| CDCC | 58,804 | 52,932 |
| Centre for Bioethics | 2,949 | 5,542 |
| Centre for Reproductive Health | 97,244 | 44,069 |
| CHR Investment Account | 54 | - |
| CHPI project | 110 | 884 |
| CHRAIC | 759 | 25 |
| Clinical Trial Management | - | 266 |
| COM CAPACITY | 12 | 112 |
| CHAIN | 70,275 | - |
| COST Africa | 36,039 | 102,382 |
| CORDAID Project | 1,571 | 264 |
| COSYST Project | 6,105 | 35,325 |
| CRH NAC Project | (1,463) | 6,527 |
| Dept Zero-to be reallocated | 1,957 | 11,661 |
| Diabetic child | 8,615 | 197 |
| Duke University | 16,551 | 857 |
| ELMA CPAP | 180,223 | 47 |
| EMTCT Project | 67,583 | 315,958 |
| EU Develop. Countries Clinical Trials | 67,765 | 585 |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

15 PROJECT AND RESEARCH EXPENSES (*Continued*)

| | 2017 | 2016 |
|--------------------------------------|---------|---------|
| | K'000 | K'000 |
| ETATMBA Project | 149 | 8,178 |
| F75 Study | 6,369 | 28,859 |
| FANTA 2 Illins Project | 10,770 | 161,912 |
| Fanta MiTrack Project | 72,293 | 61,601 |
| Gates Malaria | 888,930 | 507,665 |
| Global Health Project | 85,135 | 69,451 |
| Guttmacher Abortion Study | 3,902 | 36,635 |
| Health Management Unit | 439 | 516 |
| Health Systems Strengthening Project | 10 | - |
| Helse TB Project | 136,619 | 244,626 |
| HISP | 9,174 | - |
| HIV EHPSA MSM Project | 21,610 | 170,822 |
| HIV Implementation Research Training | 26,934 | 17,385 |
| Human Africa Trypanomiasis | - | 111 |
| ICMER | 514,262 | 532,554 |
| Ilins Project | 72,360 | 160,571 |
| IMMPAQKT Project | 35,968 | 23,869 |
| Infectious Disease | 1,225 | 5,909 |
| Life Long Project | 111 | 2,007 |
| Lungwena Umoyo Project | 4,777 | 14,972 |
| MAC ENTO Studies Project | 53,501 | 42,021 |
| MAC Laboratory | 7,836 | 10,686 |
| Majete Malaria Project | 369,346 | 171,550 |
| Malaria Decision Support System | 8,022 | 86,909 |
| Gates EED Study | 12,696 | - |
| Malarid | 17,733 | 6,932 |
| Malarid PMC | 102,617 | 121,332 |
| MaRCH Study | 16,353 | (887) |
| Maternal Child Health | 90,866 | 49,195 |
| MCDC PHD Fellowship | 16,574 | 27,062 |
| Mental Health Departmental Project | 6,776 | 25,745 |
| MIEHCAP Project | 53,864 | 20,309 |
| IDRC IMCHA Project | 48,152 | - |
| MLW Research Programme | (71) | 31,952 |
| Molecular Surveillance | 149 | 1,065 |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

15 PROJECT AND RESEARCH EXPENSES (*Continued*)

| | 2017 K'000 | 2016 K'000 |
|-----------------------------------|---------------|---------------|
| MORDOR Study | 89,194 | 88,440 |
| NAC BDS Study | 193,512 | 28 |
| NACCAP | 88,420 | 77,184 |
| Norad Program for Masters | 12,977 | 731 |
| NORHED ASCA Project | 61,441 | 70,708 |
| NORHED Surgery | 186,498 | 101,004 |
| Norway/SIDA Phase 4 | 28,020 | 60,945 |
| PANBIOME | - | 231 |
| HBGDKI Project | 16,468 | - |
| PEPFAR Project main | 7,361 | (6,424) |
| Intermittent Preventive Therapy | 1,482 | - |
| Liaison Officers Scottish | 15,238 | - |
| Performance Based Project | 2,983 | 96,387 |
| PK-PD Models Study | - | 1,074 |
| Pregat Study | 1,709 | 2,410 |
| Premier Postgraduate | 2,050 | 11,326 |
| QAAM Project | 1,047 | 14,373 |
| QMMP Project | 630 | 4,153 |
| Research Ethics Committee | 42,898 | 36,886 |
| Research Support Centre | 88,107 | 67,134 |
| SACORE Grant | 104,968 | 919,964 |
| Sugarfact | 23,776 | - |
| Save the children survival | - | 12,871 |
| Savings Brains/Pamaned Project | 2,599 | 8,690 |
| Sayana Press Study Project | 82,123 | 64,013 |
| Scottish Collaboration | - | 12,092 |
| Securing Water Resources in Rural | 43 | 146 |
| Small grants | 119,392 | 202,465 |
| St. Louis Nutrition | 166,789 | 340,605 |
| Tampere University | 1,106 | 659 |
| TESA | 142 | 5,547 |
| PURE | 42 | - |
| THRU Project | 11,712 | 27,928 |
| THRU/Pfizer Project | - | (10,291) |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE
Traypanogen Project

26,265

35,121

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

15. PROJECT AND RESEARCH EXPENSES (Continued)

| | 2017 | 2016 |
|--|-------------------------|-------------------------|
| | K'000 | K'000 |
| SPCD Project | 1,569 | - |
| Umbrella Fund CRH | (29) | 52 |
| UNC Project | 149 | 152 |
| United Front for Body Rights | 145 | 113 |
| Universal financial risk | 293 | - |
| Urban Malaria | 4 | 4 |
| World Child Cancer Foundation | 10,988 | 12,010 |
| World diabetes Foundation | 3,758 | - |
| Depreciation Charge | <u>281,518</u> | <u>231,411</u> |
| Project and research expenses total | <u>6,159,020</u> | <u>6,482,364</u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

16 PROPERTY, PLANT AND EQUIPMENT

| | Land K'000 | Buildings K'000 | Work in Progress Buildings K'000 | Motor Vehicles K'000 | Furniture, Fittings & Equipment K'000 | Total K'000 |
|---|----------------|--------------------|---|----------------------------|--|-------------------|
| At 01 July 2015 | 457,608 | 15,299,309 | 61,986 | 645,233 | 1,862,265 | 18,326,401 |
| Transfer of buildings from WIP-projects | - | 40,196 | (40,196) | - | - | - |
| Project Assets transfer & MV write off | - | 928,640 | - | (53,041) | (424,839) | 450,760 |
| Transfers & Donations received- Main | - | (928,640) | - | - | 81,973 | (846,667) |
| Additions-Projects | - | 34,202 | 89,007 | 141,076 | 150,662 | 414,947 |
| Additions of assets-Main | - | - | 31,017 | - | 93,717 | 124,734 |
| At 30 June 2016 | 457,608 | 15,373,707 | 141,814 | 733,268 | 1,763,778 | 18,470,175 |
| At 01 July 2016 | 457,608 | 15,373,707 | 141,814 | 733,268 | 1,763,778 | 18,470,175 |
| Disposal & Write-off | - | - | - | (17,304) | (1,838) | (19,142) |
| Additions - Projects | - | - | 13,334 | 13,800 | 177,618 | 204,752 |
| Additions - Main | - | - | 350,559 | 82,850 | 211,964 | 645,373 |
| Transfers- within Projects | - | 36,209 | (26,790) | - | (9,419) | - |
| Sports Complex | - | 19,161 | - | 21,000 | 123,918 | 164,079 |
| At 30 June 2017 | 457,608 | 15,429,077 | 478,916 | 833,614 | 2,266,021 | 19,465,237 |
| Depreciation | | | | | | |
| At 01 July 2015 | - | - | - | 442,789 | 978,420 | 1,391,209 |
| Charge for the year projects | - | 15,365 | - | 67,705 | 148,341 | 231,411 |
| Charge for the year main | - | 342,848 | - | - | 78,161 | 421,009 |
| Adjustment of depreciation on transfers | - | - | - | (21,300) | (191,108) | (212,408) |
| At 30 June 2016 | - | 358,213 | - | 489,194 | 983,814 | 1,831,221 |
| At 01 July 2016 | - | 358,213 | - | 489,194 | 983,814 | 1,831,221 |
| Charge for the year projects | - | 41,399 | - | 62,321 | 177,798 | 281,518 |
| Charge for the year main | - | 366,064 | - | 16,571 | 118,911 | 501,545 |
| Charge for the year sports complex | - | 324 | - | 5,556 | 12,480 | 18,361 |
| Acc. Depreciation Sports Complex | - | 8,402 | - | 8,704 | 72,371 | 89,477 |
| Adjustment due to disposal | - | - | - | (20,887) | (1,420) | (22,307) |
| At 30 June 2017 | - | 774,402 | - | 561,459 | 1,363,954 | 2,699,815 |
| Carrying amount | | | | | | |
| At 30 June 2017 | 457,608 | 14,654,675 | 478,916 | 272,156 | 902,067 | 16,765,422 |
| At 30 June 2016 | 457,608 | 15,015,495 | 141,814 | 244,074 | 779,964 | 16,638,955 |

**UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017**

The properties were revalued as at 30 June 2015 by Department of Land Economy of University of Malawi – The Polytechnic, P/Bag 303, Chichiri, Blantyre 3.

Measurement of fair values

Land and buildings were valued as at 30 June 2015 by independent valuers, who had experience in the location and category of land and buildings. The independent valuers provide the fair values the College's Land and Buildings with sufficient regularity. Due to the varied nature of the Institutions properties, two methods are used to determine fair values namely:

1. The Depreciated replacement cost which is used for all properties which do not have a ready and active market such as remote and purpose built properties
2. The Comparative and investment method which is used for all properties that have a ready and active market such as all residential and commercial properties in the urban and trading centres.

The fair value measurement for all of the Land and buildings has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

17 INVENTORY

| | 2017 | 2016 |
|--------------------------|---------------------|---------------------|
| | K'000 | K'000 |
| Consumables | 890 | 1,114 |
| Stationery | <u>759</u> | <u>1,327</u> |
| Total inventories | <u>1,649</u> | <u>2,441</u> |

Note briefly: Inventory related to stores which was purchased but not used during the reporting period

18 RECEIVABLES

| | | |
|---------------------------|-------------------------|-------------------------|
| Staff advances | 119,074 | 93,621 |
| Inter-colleges | 513 | 513 |
| Student receivables | 790,732 | 446,829 |
| Other receivables | 229,061 | 229,293 |
| Subvention grant | 181,637 | - |
| Cash Imprest | 24,568 | 59,356 |
| Sports Complex | 33,644 | - |
| Project funds receivables | 468,042 | 446,498 |
| Project receivables | <u>277,532</u> | <u>319,090</u> |
| | <u>2,124,803</u> | <u>1,595,200</u> |

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

Subvention grant

Subvention grant amounting to K181, 637,000 was received in July, 2017. Since this amount is subvention for 2016/2017 financial year, the College has recognized it as debtor in the reporting period.

Cash Imprest

Most of this amount has been retired and has been expensed to the respective appropriate expenditure codes as at 31 December, 2017. The whole amount is anticipated to be cleared by end of third quarter 2017/18 financial year. Most of these amounts were given to students as part of their research funding from the College and others given to students to carter for students' practical examinations.

19 CASH AND CASH EQUIVALENTS

| | 2017 K'000 | 2016 K'000 |
|---|-------------------------|-------------------------|
| NAC funds balances | - | 81,711 |
| Sports complex funds | 11,564 | 48,328 |
| School of pharmacy funds | 1,442 | 11,011 |
| Foreign currency denominated accounts | 162,295 | 211,094 |
| Current accounts | 720,641 | 1,025,180 |
| Deposit accounts | 719,540 | 58,437 |
| Project accounts | <u>4,364,578</u> | <u>3,285,130</u> |
| Sub-total | 5,980,060 | 4,720,891 |
| Bank overdrafts – Other | (18,456) | (183,025) |
| Bank overdrafts – Projects | <u>(171,801)</u> | <u>(105,876)</u> |
| Sub-total | <u>(190,257)</u> | <u>(288,901)</u> |
| Cash and cash equivalents as at 30 June 2017 | <u>5,789,803</u> | <u>4,431,990</u> |

The bank overdraft amount is not an overdraft facility negotiated at the bank; rather it reflects the cashbook balances which were overdrawn as at 30 June 2017. Some bank accounts were not overdrawn while others which were really overdrawn were just temporal since the corresponding FCDA accounts had funds.

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

20 CAPITAL FUND

Capital fund represents the total expenditure incurred to procure or otherwise construct all items of Plant, Property and Equipment.

21 GENERAL FUND

General fund represents an accumulation of surpluses or losses over the past reported financial periods.

22 FUNDS FOR SPECIFIC PURPOSE

| | 2017 | 2016 |
|--|--------|--------|
| | K'000 | K'000 |
| ADAPT-RSC (ADJUST) | 2,229 | 2,229 |
| African Malaria Network Trust (AMANET) | 211 | 211 |
| African Mental Health Research Initiative | 111 | - |
| AIMS Project | 1,934 | 4,939 |
| ARCADE project | 289 | 289 |
| Build Mental Health | 3,121 | 3,121 |
| Burkitts Project | 194 | 194 |
| CAPGAN Conference | 249 | 249 |
| Care for Child Development | 28 | 28 |
| CDC IMEM | 101 | 101 |
| CEBESA | 191 | 191 |
| Centre for Reproductive Health | 13,344 | 1,463 |
| Chawel Plands Limited (project) | 278 | 278 |
| COM Breicht Study | 3,687 | 3,687 |
| COM MDICP | 1,445 | 1,445 |
| COM Medical Outreach | 25 | 25 |
| COM Development Account | 7,770 | - |
| Bill & Melinda Gates (BMGF Xenomonitoring Project) | 15 | 15 |
| Birth Defects Surveillance Study | 74,208 | - |
| COM – Sucoma Charlet | - | 103 |
| Continued Diabetes Care Capacity (CDCC) | 2,413 | 20,456 |
| CYROTHERAPY | 2,151 | - |
| David Livingstone Scholarships | 7,141 | - |
| Department funds – Admin fee projects | 24,403 | 24,403 |
| Dept Funds – Malaria research | 152 | 152 |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

Dept Funds – Obs/Gynae

- 1,398

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

22 FUNDS FOR SPECIFIC PURPOSE (Continued)

| | 2017 K'000 | 2016 K'000 |
|--|---------------|---------------|
| Dept Funds - Anaesthesia | 5,042 | 902 |
| Dept Funds – Anatomy | 72,134 | 35,765 |
| Dept Funds – Biochemistry | 53,710 | 46,213 |
| Dept Funds – Bsc Degree In Laboratory Technician | 2,315 | 2,315 |
| Dept Funds - Community health | 1,253 | 1,252 |
| MIEHCAP | - | 47 |
| Dept Funds – Haematology | 1,006 | 1,006 |
| Dept Funds – Histopathology | 9,543 | 9,678 |
| Dept Funds – IT Department | 6,583 | 6,583 |
| Dept Funds – Library | 9,003 | 6,943 |
| Dept Funds – Medicine | 5,027 | 3,999 |
| Dept Funds – Microbiology | 19,209 | 14,612 |
| Dept Funds – Physiology | 2,870 | 549 |
| Dept Funds – Paeds | 9,133 | 9,133 |
| Dept Funds – Surgery | 2,937 | 2,937 |
| Dept Funds – Undergraduate Deans Office | 6,553 | 6,553 |
| Dept Funds Psychiatry | 47 | 47 |
| Eanett | 310 | 310 |
| EMTCT Project | 2,608 | 2,660 |
| Gates Malaria Project | 126,616 | 18,030 |
| Glycerol Project | 21 | 21 |
| Grant for Promotion of Optimum Feeding | 532 | 532 |
| Guest House-Clearing account | 3,539 | - |
| H3Africa Project-Welcome Trust | 292 | 292 |
| HBC Diana Fund | 1,625 | 1,625 |
| HIV Policy Development | 385 | 385 |
| HIV Prevention Strategy | 36 | 36 |
| HIV Staging | 76 | 76 |
| Human Subjects Protection | 2,133 | 2,133 |
| Inaugural Lecturer | 2,433 | 2,433 |
| Mmed Opthamology | 39,876 | 20,704 |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

22 FUNDS FOR SPECIFIC PURPOSE (*Continued*)

| | 2017 K'000 | 2016 K'000 |
|---|---------------|---------------|
| Beanish Project/HBC Project/ SAFHI Grant-Queen Margret | 2,190 | 2,167 |
| CIPHER Project | 284 | 2,042 |
| COM Research Account – Admin Fees | 673,547 | 364,656 |
| GEAS | - | 145 |
| Icemr | 2,858 | - |
| ILINS-TUMCHIP Project | 69,183 | 68,460 |
| Informatics account | 111,885 | 34,037 |
| John Hopkins Project | 2,535 | 2,535 |
| Life Long Medical Education Project | 8 | 8 |
| Liverpool grant | 327 | 327 |
| London school funds for medical students | 376 | 376 |
| Lungwena Child Survival Study | 1,095 | - |
| Medical Council of Malawi-Index fees | 28 | 28 |
| MEPI-MMED | 14,334 | 118,171 |
| MORDOR Study | - | 4,007 |
| Motivation Project | 1,203 | 1,203 |
| MOVE Project(Duke University) | 2,074 | 2,074 |
| Mw HIV Implementation Research Scientist Training Program | 930 | - |
| NAC Funds | 83 | 18,910 |
| NACCAP/ILINIS Project | 8 | 7,669 |
| NACCAP Advance | 174 | 87 |
| Nankumba Safe Motherhood Research | 490 | 490 |
| NOHRED ANTIMICROBIAL | - | 7,637 |
| OBS & Gyna MMED Fellowship/Family Medicine MMED | 93,427 | - |
| Orthopaedic Drug Account | 33 | 33 |
| Paediatrics Fellowship MMED Programme | 6,193 | 29,475 |
| PEPFAR Study Project | 51,666 | - |
| Performance Based Project | 598 | - |
| Postgraduate Funds | 2,585 | - |
| Premier Postgraduate Project | 2,516 | - |
| COMED Alumni Association | 24 | 24 |
| Principals Discretionary Fund | - | 693 |
| Public Health Nutrition Group | 5,353 | - |
| Quality of Antimalarial & Antibiotic Medicine in Malawi | - | 1,005 |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2017

22 FUNDS FOR SPECIFIC PURPOSES (Continued)

| | 2017 MK'000 | 2016 MK'000 |
|---|-------------------------|-------------------------|
| Rota Vaccine Project | 1,669 | 2,563 |
| Sayana Press Study | 4,616 | - |
| Schistosomiasis Survey Project | 9 | 9 |
| SLAB/RICE-CPAP Study | 6,272 | - |
| Small Grants | 4,727 | 8,382 |
| ST Andrews University Scotland-BMSHP Workshop | 6,741 | 6,741 |
| St Louis Nutrition SF HIV Project | 3,239 | 981 |
| Stale cheques | - | 4,200 |
| Sundry deposits | - | 27 |
| UMSU | 69 | 69 |
| UNC Project | 5,168 | 5,168 |
| United general insurance claims for construction | 30 | 30 |
| University Entrance Examinations | 1,740 | 1,740 |
| University of Malawi Staff Sports Association | - | 28 |
| Welcome trust | 3,492 | - |
| WHO Long Term Institutional Grant | 683 | 683 |
| World Child Cancer | 2,133 | - |
| UNIMA @ 50 | 529 | 529 |
| World diabetes fund | <u>23,712</u> | <u>843</u> |
| | 1,643,374 | 961,004 |
| Other project funds for specific purposes | <u>96,365</u> | <u>236,702</u> |
| Funds for specific purposes before unspent funds for project | 1,739,739 | 1,197,706 |
| Unspent funds for projects as at 30 June | <u>4,144,182</u> | <u>3,067,903</u> |
| Total funds for specific purposes | <u>5,883,921</u> | <u>4,265,609</u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 PAYABLES

| | 2017 | 2016 |
|-------------------------|-------------------------|-----------------------|
| | MK'000 | MK'000 |
| Trade | 274,404 | 182,014 |
| Other | 98,359 | 4,744 |
| Accruals | 36,088 | 16,151 |
| Prepaid Income | - | 35,030 |
| PAYE | 105,275 | 103,737 |
| Withholding tax | 20,313 | 15,022 |
| Sports complex payables | 66,644 | - |
| Projects | <u>442,084</u> | <u>586,917</u> |
| Total payables | <u>1,043,167</u> | <u>943,615</u> |

UNIVERSITY OF MALAWI
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017
24 GRANTS RECEIVED

| | 2017 MK'000 | 2016 MK'000 |
|---|----------------|----------------|
| Antibiotic in Miscarriage Surgery | 85,696 | 64,202 |
| ARCADE project | - | 5,658 |
| BMFG Xenomonitoring Project | 650 | 11,579 |
| BSc Ibt. Med, Gyenae & Anaesthesia | - | 63,424 |
| Capacity Building in Research Grants Administration | 294 | - |
| CBM project | - | 14,563 |
| CDC HIV Fellowship | 730 | - |
| CDC Partnership Project | 204,039 | 215,055 |
| CDCC | 66,136 | 55,478 |
| Centre for bioethics | 24,314 | - |
| Centre For Reproductive Health | 80,721 | 16,242 |
| COST AFRICA Project | 32,189 | 102,904 |
| EMTCT Project | 123,246 | 306,785 |
| ETATMBA project | - | 12,816 |
| EU Beanish Project | 83,248 | 44,086 |
| EU Develop. Countries Clinical Trials Partnership | 280,472 | 11,920 |
| F75 STUDY | - | 23,303 |
| Gates Malaria Project | 861,422 | 514,330 |
| Global Health | 60,277 | 43,131 |
| Helse TB Project | 145,746 | 248,650 |
| ICMER | 462,753 | 668,085 |
| ILINS FANTA Project | - | 166,301 |
| ILINS Project | 45,971 | 286,456 |
| Lifelong Project | 4,440 | - |
| MAC ENTO Studies Project | 109,528 | 34,442 |
| MAC Laboratory | 5,487 | - |
| Majete Malaria Project | 264,109 | 8,727 |
| Malaria Decision Support System | 20,501 | 119,376 |
| Malarid | 149,541 | - |
| Malarid PMC | - | 384,570 |
| Martenal Child Health | 82,393 | 39,362 |
| MCDC PhD Fellowship | 32,682 | 1,829 |
| Mental Health Project | 7,762 | - |
| Nac BDS Study | 183,378 | - |
| MORDOR Project | 79,998 | 136,802 |
| NAC CRH Project | - | 1,099 |
| NACCAP | - | 129,875 |
| NORHED ASCA | 129,685 | 66,848 |
| NORHED Surgery | 136,673 | 8,228 |
| CHAIN | 75,701 | - |

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
FOR THE YEAR ENDED 30 JUNE 2017

24 GRANTS RECEIVED (*Continued*)

| | 2017 MK'000 | 2016 MK'000 |
|--------------------------------------|-------------------------|-------------------------|
| PEPFAR Project | - | 286,996 |
| Performance Based Project | - | 19,318 |
| Pregact study | 5,001 | 25,146 |
| QAAM Project | - | 5,296 |
| Research Support Centre | 17,480 | 32,152 |
| SACORE GRANT | 196,235 | 643,516 |
| Save the Children S27 Project | - | 9,401 |
| Savings Brains/Pamaned Project | - | 5,609 |
| Scottish Collaboration | 24,382 | - |
| Small grants project | 193,203 | 179,790 |
| St. Louis Nutrition | 79,741 | 296,009 |
| TESA Project | - | 3,570 |
| THRU Project | - | 21,496 |
| Traypanogen Project | 10,300 | 20,232 |
| World Children Cancer Foundation | 13,904 | 41,564 |
| ADAPT Study | - | 118,686 |
| COSYST | - | 59,629 |
| Fanta MiTrack | 50,704 | 75,668 |
| Sayana Press Project | 95,320 | 64,054 |
| CDC IMEM | 584,083 | 366,772 |
| IMMPAQKT | 47,042 | 34,168 |
| Abortion Study | 6 | 106,368 |
| HIV EHPSA MSM Project | 21,893 | 174,599 |
| MIEHCAP Project | 78,427 | 29,216 |
| HIV Implementation Research Training | - | 54,026 |
| QMMP | - | 5,840 |
| AMARI | 53,213 | 34,728 |
| ELMA CPAP Project | 126,131 | 125,667 |
| Sugarfact | 71,777 | - |
| COM-IDRC IMCHA | 50,323 | - |
| HBGDKI Project | 62,311 | - |
| Gates EED | 396,101 | - |
| ACEPHEM | 787,668 | - |
| SPCD Project | 8,399 | - |
| Total grants received | <u>6,813,426</u> | <u>6,647,642</u> |