



**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**National Audit Office  
Lilongwe 3**

**July, 2022**

**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Statement of Council Members' Responsibilities	1
Auditor General's Report	2-4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-41

**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.



**PRINCIPAL**

DATE.....*19/07/2022*.....



**FINANCE OFFICER**

DATE.....*19/07/2022*.....

**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 30 JUNE, 2021**

**Opinion**

I have audited the accompanying financial statements of the College of Medicine which comprise the Statement of Financial Position as at 30 June 2021 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 5 to 8, and related accounting policies and notes to the accounts presented on pages 9 to 41.

In my opinion, the financial statements present fairly, in all material respects, the financial position of College of Medicine as at 30 June 2021 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 Organization 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. The following was the key audit matter:

**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE**

**Service Gratuity**

University of Malawi (UNIMA) is in the process of abolishing its Service Gratuity Scheme due to its unsustainability and in compliance with the Pensions Act. The College has therefore recognized service gratuity as a liability in line with the IAS 37 (Provisions, Contingent liabilities and Contingent Assets). The assumptions that underpin the valuation of the service gratuity are important, subjective, judgments and this affects the College's surplus /deficit balances and the financial position. The Council has estimated the amount based on the number of years each employee has worked for, hence the recognition of the service gratuity is significant to my audit.

The audit procedures to address the risk of material misstatement relating to service gratuity liability recognition included, among others: inspecting the minutes of the Council, and discussing with the Council on the status of the gratuity; examining announcements made by the Council to assess whether these currently commit the College to gratuity costs; recalculating the liability in the context of the accelerated closure plans of the service gratuity; I assessed the potential risk of Council bias and the adequacy of the disclosures. I found the criteria and assumptions used by Council in the determination of the liability recognized in the financial statements to be appropriate.

**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.

**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE**

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.

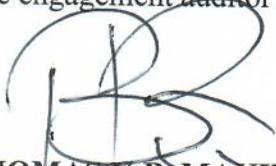
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

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,

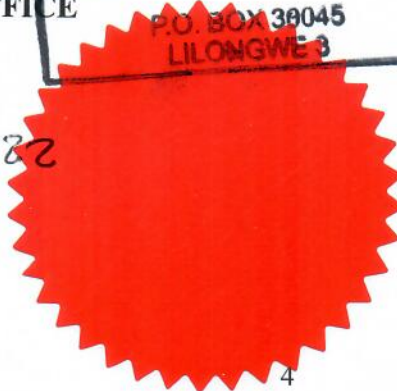
I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



**THOMAS K.B. MAKIWA  
ACTING AUDITOR GENERAL  
NATIONAL AUDIT OFFICE  
LILONGWE  
MALAWI**

Date: *19th July 2022*



**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE**

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 MK'000	2020 MK'000
Subvention	3	8,228,328	7,643,194
Fees		2,785,942	2,166,558
Projects grants and research	4	17,708,020	17,016,354
Other income	5	1,119,167	997,100
Clinic		580,975	-
Sports Complex Centre		227,205	421,652
<b>Total income</b>		<b><u>30,649,637</u></b>	<b><u>28,224,857</u></b>
<b>Expenditure</b>			
Teaching and research	6	6,807,899	6,080,011
Student living	7	1,380,034	1,509,731
Administration	8	3,154,576	10,094,265
Transport and travelling	9	235,252	292,347
ICT Department	10	299,563	349,498
Common service / other charges	11	83,730	127,891
Provision for doubtful debts		-	113,162
Sports Complex expenses	12	342,677	526,355
Guest House	13	21,603	23,986
COM Private clinic	14	577,519	352,590
Project and research expenses	15	<u>13,584,445</u>	<u>12,391,765</u>
<b>Total expenditure</b>		<b><u>(26,487,298)</u></b>	<b><u>(31,861,600)</u></b>
<b>Surplus before designated funds</b>		<b>4,162,339</b>	<b>3,616,742</b>
Designated funds		(4,123,576)	(4,624,589)
Capital expenditure (Note 16)		(738,792)	(432,958)
Release from capital fund		<u>869,508</u>	<u>803,362</u>
<b>Surplus/(Deficit) for the year</b>		<b><u>169,479</u></b>	<b><u>(7,870,927)</u></b>

UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021

	Note	2021 MK'000	2020 MK'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	<u>24,047,356</u>	<u>17,265,115</u>
<b>Current assets</b>			
Inventories	17	2,754	2,964
Receivables	18	5,751,989	4,326,828
Cash and cash equivalents	19	<u>5,804,528</u>	<u>6,298,924</u>
<b>Total current assets</b>		<u>11,559,270</u>	<u>10,628,716</u>
<b>Total assets</b>		<u>35,606,630</u>	<u>27,893,831</u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Capital funds	20	24,047,356	17,265,115
General funds	21	(2,971,551)	(7,481,754)
Designated funds	22	<u>5,838,589</u>	<u>5,716,328</u>
<b>Total funds</b>		<u>26,914,394</u>	<u>15,499,688</u>
<b>Current liabilities</b>			
Payables	23	<u>8,692,237</u>	<u>12,394,143</u>
<b>Total current liabilities</b>		<u>8,692,237</u>	<u>12,394,143</u>
<b>Total funds and liabilities</b>		<u>35,606,630</u>	<u>27,893,831</u>

*Muy*

PRINCIPAL

DATE 19/07/2022



FINANCE OFFICER

DATE 19/07/2022



**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE**

**STATEMENT OF CHANGES IN FUNDS AND RESERVES  
FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Capital fund MK'000</b>	<b>General funds MK'000</b>	<b>Designated Funds MK'000</b>	<b>Total MK'000</b>
<b>Balance at 01 July 2019</b>	<b>2,368,291</b>	<b>323,656</b>	<b>6,516,649</b>	<b>24,479,037</b>
Capital assets procured during the period	432,958	-	-	432,958
Depreciation charge for the year	(803,362)	-	-	(803,362)
Disposal	(115,285)	-	-	(115,285)
Accumulated Depreciation on Disposal	112,070	-	-	112,070
Prior Year Adjustment	-	65,517	-	65,517
Surplus/(Deficit) for the year	-	(7,870,927)	-	(7,870,927)
Net movement	-	-	(800,321)	(800,321)
<b>Balance at 30 June 2020</b>	<b><u>1,994,672</u></b>	<b><u>(7,481,754)</u></b>	<b><u>5,716,328</u></b>	<b><u>15,499,688</u></b>
<b>Balance at 01 July 2020</b>	<b>17,265,094</b>	<b>(7,481,754)</b>	<b>5,716,328</b>	<b>15,499,688</b>
Capital assets procured during the period	738,792	-	-	738,792
Depreciation charge for the year	(869,508)	-	-	(869,508)
Revaluation Surplus	7,001,186	-	-	7,001,186
Disposal	(107,462)	-	-	(107,462)
Accumulated Depreciation on Disposal	19,233	-	-	19,233
Prior Year Adjustment	21	4,340,724	-	4,340,745
Surplus/(Deficit) for the year	-	169,479	-	169,479
Net movement	-	-	122,261	122,261
<b>Balance at 30 June 2021</b>	<b><u>24,047,356</u></b>	<b><u>(2,971,551)</u></b>	<b><u>5,838,589</u></b>	<b><u>26,914,394</u></b>

UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE, 2021

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
<b>Cash flows from operating activities</b>		
<b>Operating cash flows before movements in working capital</b>	169,479	(7,870,927)
<b>Movements in working capital</b>		
Decrease /(Increase) in inventories	210	48,664
Decrease in receivables	(1,470,744)	(781,476)
Project funds receivables	87,576	(958,127)
Increase in payables	<u>(3,801,993)</u>	<u>9,748,165</u>
<b>Cash (used in)/generated from operations</b>	<b>(5,015,472)</b>	<b>186,298</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	<u>(738,792)</u>	<u>(432,958)</u>
<b>Net cash used in investing activities</b>	<b>(738,792)</b>	<b>(432,958)</b>
<b>Net cash flow before financing</b>	<b>(5,754,265)</b>	<b>(246,660)</b>
<b>Cash flows from financing activities</b>		
Designated funds	122,261	(800,321)
General fund	4,340,724	65,517
Capital fund	<u>738,792</u>	<u>432,958</u>
<b>Net cash flow from financing activities</b>	<b>5,201,776</b>	<b>(301,845)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(552,488)</b>	<b>(548,505)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<u>6,298,924</u>	<u>6,847,433</u>
<b>Cash and cash equivalents at the end of the financial year (note 19)</b>	<b><u>5,746,435</u></b>	<b><u>6,298,924</u></b>

**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**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 Properties, Plant and Equipment (PPE)**

**2.1.1 Recognition and Initial measurement**

The cost of an item of PPE is recognized 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.

**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021**

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 recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

PPE is 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 capitalized, 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 recognized 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 derecognized when the replacement takes place.

**2.1.3 Depreciation**

Depreciation is recognized 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 2021**

**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.

<b>Categories</b>	<b>Average Useful lives</b>
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 2021**

**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**

Buildings were revalued by Chartered Surveyors from The Malawi Polytechnic as at 30 June, 2021. Land was valued by the same Chartered Surveyors as at 30 June 2018, and those values have been recognized.

**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.

**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021**

**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, except for the month of June in which the subvention was accrued as an asset and the actual receipt occurred in the month of July 2021.

**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 2021**

**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 2021

**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 2021**

**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 2021**

**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 2021**

**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.

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

3 GOVERNMENT SUBVENTION

	2021	2020
	MK'000	MK'000
Annual operations	8,228,328	7,643,194
<b>Total subvention</b>	<b><u>8,228,328</u></b>	<b><u>7,643,194</u></b>

4 PROJECT GRANTS AND RESEARCH INCOME

Unspent funds from previous years	4,624,589	5,107,787
Adjustment (Derecognition of project assets-NBV)	(14,548)	79,276
Grants received	11,900,207	11,069,882
Interest received	20,711	18,947
Income from building	14,883	4,324
Other income	567,522	666,515
Exchange gain	594,657	69,622
<b>Total project grants and research income</b>	<b><u>17,708,020</u></b>	<b><u>17,016,354</u></b>

5 OTHER INCOME

Interest earned	59,992	25,528
Catering/Accommodation sales	20,128	26,703
Conferences/workshops	18,258	16,660
Donations & grants	175,007	30,000
Prepaid Income	18,585	-
Research admin fees	710,000	388,572
Exchange gain	2,511	1,350
Sundry income	114,687	154,669
<b>Total other income</b>	<b><u>1,119,167</u></b>	<b><u>643,483</u></b>

Sports Complex Centre Income	227,205	421,652
COM Pvt Clinic	580,975	353,618
<b>Total</b>	<b><u>808,180</u></b>	<b><u>775,270</u></b>

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

6. TEACHING AND RESEARCH

	2021	2020
	MK'000	MK'000
Salaries	4,255,849	3,763,144
Tevet Levy	50,306	43,826
Telephone	13,204	4,754
Stationery	25,489	60,923
Staff training & development	156,511	46,714
Postgraduate programmers – training	12,492	18,777
Repairs - other equipment	6,257	6,878
Postage/document delivery	347	1,266
Perks	267,956	222,882
Passages	7,266	867
Meeting expenses	53,110	118,615
Clinical allowances	535,745	448,191
Gratuity	51,249	75,082
<b><u>General expenses</u></b>		
Examination expenses	67,222	39,882
Advertising	-	1,283
Consumables/cleaning	9,954	10,444
Teaching materials	25,336	92,442
Student attachments	8,482	14,437
Conferences & workshops	39,916	29,277
Fuels & oils	8,697	16,129
Mileage claim	3,254	12,879
Subsistence Allowance	72,975	80,378
Finance charges	7,789	2,613
Medical expenses	80,997	76,443
Superannuation costs	757,546	629,749
Furniture and fittings	-	2,652
Hiring of vehicles	-	1,649
Ceremonies/Graduation/Open Days	150	744
Exchange loss	19	6,916
Professional Charges	1,156	-

UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

6. TEACHING AND RESEARCH (*Continued*)

	2021	2020
	MK'000	MK'000
Subscriptions	5,193	4,494
<b><u>Library</u></b>		
Salaries	189,676	160,652
Tevet Levy	2,090	1,754
Perks	24,249	22,465
Superannuation costs	31,938	38,569
Subsistence allowance	137	2,399
<b><u>General expenses</u></b>		
Training & development	2,426	2,428
Conference & workshop	1,665	-
Stationery	8,128	593
Masm/medical expenses	5,567	4,762
Meetings	4,024	3,603
Mileage refund	-	738
Repairs & Maintenance – Office equipment	810	-
Passages	99	-
Phone/fax/e-mail	-	96
Subsistence allowance	4,521	-
Professional charges	8,100	7,610
Postage/document delivery	-	12
<b>Total teaching and research</b>	<b><u>6,807,899</u></b>	<b><u>6,080,011</u></b>

UNIVERSITY OF MALAWI  
 COLLEGE OF MEDICINE  
 NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
 FOR THE YEAR ENDED 30 JUNE 2021

7. STUDENT LIVING

	2021 MK'000	2020 MK'000
Wages	21,716	20,146
Tevet Levy	258	228
Staff benefits	4,892	9,226
Gratuity	1,123	-
<b><u>General expenses</u></b>		
Meals & meal coupon	20,355	49,868
Phone/fax/e-mail	95,386	12,833
MASM/medical expenses	53,480	29,989
Superannuation	13,887	-
Student Welfare	-	61,151
Meetings	-	45
Student Union activities	1,343	2,745
Dispensary	15,333	-
Printing & Stationery	130	-
Electricity	247,291	230,191
Water	282,135	251,606
Repairs-buildings	183,154	471,029
Repairs – property & premises	92,187	35,880
Repairs office equipment	5,710	21,333
Mileage Refund	398	-
Cleaning services & consumables	71,612	100,972
Subsistence Allowances	-	1,080
Rent Expenses	-	600
Security services	259,376	208,748
Furniture & fittings	9,472	632
Tools & other Equipment	796	1,428
<b>Total student living expenses</b>	<b><u>1,380,034</u></b>	<b><u>1,509,731</u></b>



UNIVERSITY OF MALAWI  
 COLLEGE OF MEDICINE  
 NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
 FOR THE YEAR ENDED 30 JUNE 2021

8. ADMINISTRATION

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
Salaries	809,627	714,018
TEVETA Levy	8,674	7,148
Staff benefits outside payroll	73,832	74,759
Staff benefits	50,995	47,526
Superannuation costs	389,782	492,451
Gratuity	4,112	20,346
MASM/medical expenses	26,048	23,947
<b><u>General expenses</u></b>		
Advertising	30,268	17,646
Fuels and oils	39,431	19,509
Delinking Expenses	68,206	51,372
Postgraduate programmes	8,452	3,575
Conferences & workshops	34,823	46,369
Stationery	57,684	91,669
Council Expenses	502	-
Passage	1,659	-
Telephone	25,370	19,163
Repairs - office equipment	7,405	3,119
Consumables/cleaning	2,680	19,575
Meeting expenses	55,884	92,671
Postage/document delivery	3,394	1,513
Tools and other equipment	726	3,051
Covid expenses	142,952	50,089
Staff training & development	14,866	20,778
Staff and students welfare	9,701	14,947
Meals and meal coupons	-	526
City and Rent Expenses	3,022	75,508
Examination expenses	9,076	1,979
Hospitality	162	4,836
Finance charges	17,561	22,774
Mileage claim	-	4,358
Subscriptions	3,945	3,067
Subsistence allowance	106,221	119,775
Student Uniform	-	4,966

UNIVERSITY OF MALAWI  
 COLLEGE OF MEDICINE  
 NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
 FOR THE YEAR ENDED 30 JUNE 2021

8. ADMINISTRATION (*continued*)

	2021	2020
	MK'000	MK'000
Office equipment	205	9,811
Professional charges	33,868	40,408
Legal Charges	47,243	4,600
Exchange loss	837	71
Marketing & Publications	6,047	1,610
Provision for Doubtful Debts	53,156	-
Estimated Service Gratuity as at 30.06.20	253,005	7,223,074
Depreciation Charge-Buildings	333,118	332,340
Depreciation Charge- Motor Vehicle	99,570	94,618
Depreciation Charge- Furniture; Fittings	320,466	314,701
<b>Total administration expenses</b>	<b><u>3,154,576</u></b>	<b><u>10,094,265</u></b>

9. TRANSPORT AND TRAVELLING

Wages	51,571	51,334
TEVET Levy	618	609
MASM/medical expenses	1,115	1,274
Superannuation costs	11,280	10,884
<b>General expenses</b>		
Mileage Claim	1,853	2,175
Fuel and oils	41,931	61,501
Subsistence allowance	37,211	56,249
Allowances Acting/Resp./Duty/Warden's	10,250	9,604
Motor repairs and maintenance	62,040	69,455
Motor licensing	17,086	29,100
Consumables and cleaning vehicles	214	96
Postage / Document delivery	6	-
Phone/fax/e-mail	77	67
<b>Total transport and traveling</b>	<b><u>235,252</u></b>	<b><u>292,347</u></b>

UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

**10 ICT DEPARTMENT**

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
Salaries	136,807	133,003
TEVET/Levy	1,477	1,443
Perks/Staff Benefits	11,317	12,300
Superannuation costs	27,217	25,494
Gratuity	5,642	10,104
MASM/Medical expenses	2,254	2,405
<b><u>General expenses</u></b>		
Telephone	97,160	115,166
Stationery	4,625	4,153
Training & staff development	800	-
Repairs - office equipment	1,691	1,038
Mileage Refund	-	422
Meetings	759	1,778
Subsistence allowance	9,785	7,346
Conference & Workshops	-	444
Subscriptions	<u>30</u>	<u>34,403</u>
<b>Total for ICT Department</b>	<b><u>299,563</u></b>	<b><u>349,498</u></b>

**11 COMMON SERVICE/OTHER CHARGES**

Student sports expenses	700	31,669
General insurance	59,082	39,116
Fringe Benefits Tax	15,167	37,817
Staff Sports Expenses	-	10,111
Subscriptions	7,305	-
Ceremonies/graduation/open days	<u>1,477</u>	<u>9,179</u>
<b>Total common service and other charges</b>	<b><u>83,730</u></b>	<b><u>127,891</u></b>

UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

12 SPORTS COMPLEX CENTRE

	2021	2020
	MK'000	MK'000
Operation expenses	<u>342,677</u>	<u>526,355</u>
<b>Total Sports Complex Centre expenses</b>	<b><u>342,677</u></b>	<b><u>526,355</u></b>

13 GUEST HOUSE - MOUNT PLEASANT

Superannuation	497	248
Electricity	30	446
Water	231	140
Meetings	450	1,550
Subsistence Allowance	-	952
Subscriptions	150	264
Phone / Fax / R-mail	86	-
Finance charges	<u>228</u>	<u>227</u>
<b>Total Guest House expenses</b>	<b><u>1,672</u></b>	<b><u>3,828</u></b>

**IGA Expenses**

Mangochi campus IGA expenses	<u>19,931</u>	<u>20,158</u>
<b>Total Guest House &amp; IGA-Mangochi</b>	<b><u>21,603</u></b>	<b><u>23,986</u></b>

14 COM PRIVATE CLINIC

	2021	2020
	MK'000	MK'000
<b>Total COM Pvt Clinic expenses</b>	<b><u>577,519</u></b>	<b><u>352,590</u></b>

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

15 PROJECT AND RESEARCH EXPENSES

	2021	2020
	MK'000	MK'000
ACEPHEM	603,384	640,192
ACT-BT Project	24,697	110,985
AESA-RISE Project	30,815	35,300
Africare	8,390	8,255
AMARI	57,225	57,393
Antibiotic in Miscarriage Surgery	8,602	52,790
BSc Int. Med, Gyenae & Anaesthesia	-	8,028
BT Clinical Research	348,046	125,616
Building Family Medicine	167,212	89,930
Building Heart & Lung Project	119,665	80,329
CDC IMEM	270,769	472,560
CDC Partnership project	12,733	22,243
CEBHA+Project	19,560	229,676
Centre for Reproductive Health	64,622	56,039
CHAIN	71,741	232,006
ELMA Anaesthesia Grant	947	671
Clinical Trial Management	-	61,268
COM-IDRC IMCHA	36,946	-
COST Africa	479	10,283
Cryotherapy	156	6,781
Diabetic Clinic	61	-
SOAR Dreams	830	60,100
Duke University	318	5,886
ELMA CPAP	-	123,307
EU Beamish Project	82	1,501
EU Develop Countries Clinical Trials	33,529	338,714
F75 Study	22	-

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

15 PROJECT AND RESEARCH EXPENSES (*Continued*)

	<b>2021</b>	<b>2020</b>
	<b>K'000</b>	<b>K'000</b>
Gates EED	2,498	-
Gates Malaria	489,967	821,821
Global Health Project	72,720	51,521
HBGDKI Project	-	132
Helse TB Project	394,106	327,214
HIV EHPSA MSM Project	252	357
HIV Implementation Research Training	104,569	105,473
ICMER 2	747,890	1,126,022
IKMC Project	189,073	79,504
ILINS FANTA Project	6,428	11,052
Ilins Project	111,593	210,673
IMMPAQKT Project	-	4,400
Infectious Disease	37,341	13,064
Intermittent Preventive Therapy	-	548
Kusamala Project	268	97
Lungwena Umoyo	118	-
MAC ENTO Studies Project	799,086	580,367
MAC Laboratory	80	268
Majete Malaria Project	2,426	67,833
Malaria Decision Support System	268,945	13,368
Malarid PMC	36,746	53,910
MARCH Study	184,856	1,988
Maternal Child Health	38,584	65,134
Mazira Project	197	104,388
MCDC PHD Fellowship	488	-
Mental Health Departmental Project	27,911	11,514
MIEHCAP Project	252	34,223
MORDOR Study	47,770	42,162
NAC BDS Study	2,966	3,866
NORHED ASCA Project	36,932	65,006
NORHED Surgery	99,020	154,075

UNIVERSITY OF MALAWI  
 COLLEGE OF MEDICINE  
 NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
 FOR THE YEAR ENDED 30 JUNE 2021

15 PROJECT AND RESEARCH EXPENSES (*Continued*)

	2021	2020
	K'000	K'000
Norway/SIDA Phase 4	507	-
Performance Based	1,332	-
Pharmacy Expansion Project	13,925	6,209
Premier Postgraduate	4,066	14,288
Research Ethics Committee	47,948	50,412
Research Support Centre	30,895	79,946
SACORE Grant	55,633	49,418
Scottish Collaboration	314	1,014
Small grants	189,640	301,168
SOAR Project	9,361	31,551
SPCD Project	3,562	11,334
St. Louis Nutrition	102,782	69,448
Sugarfact	4,043	11,858
Surg Africa	211,771	137,498
THRU Project	46,221	400,402
Traypanogen Project	23,651	27,675
United Front for Body Rights	23	-
Universal financial risk	551	-
Urban Malaria	42	41,286
CBM SENT	64	-
AEVGI	38,421	65,331
GAVI	377,548	181,045
Thanzi la onse	164,250	84,541
NAC I-Tech (BDSS)	117,980	477,301
MVIP	1,398,744	1,140,133
PHNG GSK	1,120,883	845,221
P 20	76,229	-
STHP	55,203	134,898
Maldent	176,203	83,918
Nutritional Sub Study	5,370	2,603
PEER Cancer	237,877	-
NEST	1,319,544	799,761
CPMZ	18,151	28,693
Rapaed	124,919	147,491

UNIVERSITY OF MALAWI  
 COLLEGE OF MEDICINE  
 NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
 FOR THE YEAR ENDED 30 JUNE 2021

**15 PROJECT AND RESEARCH EXPENSES (*Continued*)**

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
Drink	70,396	47,121
IMPROVE 2	312,453	119,841
MITS	26,399	18,890
Generation MW	151,609	16,512
Maternal near Miss Project	169,574	22,022
CHEER	600,881	20,439
Alert Study	48,412	2,994
Smokeless	26,708	-
CDC Healers	286,694	-
SCATHIM	293,936	-
TFGH Covid 19 vaccination	6,422	-
Bloodsafe Study	44	-
Impress Study	9,889	-
KUHes Corruption Project	19,435	-
Pericovid project	28	2,994
<b>Project and research expenses total</b>	<b><u>13,584,445</u></b>	<b><u>12,391,765</u></b>



UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

16 PROPERTY, PLANT AND EQUIPMENT

	Land Buildings K'000	Work in Progress Buildings K'000	Motor Vehicles K'000	Intangib le Assets K'000	Furniture, Fittings & Equipment K'000	Total K'000
<b>Cost</b>						
At 01 July 2019	19,972,199	195,421	1,405,764	22,889	3,639,702	25,235,974
Additions – Main	-	205,815	-	4,500	203,517	413,832
Disposal	-	-	(4,000)	-	(111,285)	(115,285)
Additions Sports Complex	-	-	15,900	-	3,226	19,126
<b>At 30 June 2020</b>	<b>19,972,199</b>	<b>401,236</b>	<b>1,417,664</b>	<b>27,389</b>	<b>3,735,159</b>	<b>25,553,647</b>
At 01 July 2020	19,972,199	401,236	1,417,664	27,389	3,735,159	25,553,647
Additions – Main	36,344	210,574	-	-	409,896	656,814
Additions – Clinic	-	-	11,952	-	70,026	81,978
Internal Transfer & Adjustments	327,448	(327,448)	-	-	-	-
Revalued Surplus	5,748,978	-	197,242	-	1,054,966	7,001,186
Disposal	-	-	-	-	(107,462)	(107,462)
Depreciation before Revaluation	(4,511,521)	-	(1,346,878)	-	(3,280,408)	(9,138,807)
<b>At 30 June 2021</b>	<b>21,573,448</b>	<b>284,362</b>	<b>279,980</b>	<b>27,389</b>	<b>1,882,177</b>	<b>24,047,356</b>
<b>Depreciation</b>						
At 01 July 2019	3,739,857	-	1,140,369	-	2,717,014	7,597,240
Removal of Depreciation on Disposal	-	-	(4,200)	-	(107,870)	(112,070)
Charge for the year main	332,340	-	94,618	-	314,701	741,659
Depreciation Sports Complex	48,153	-	8,220	-	5,330	61,703
<b>At 30 June 2020</b>	<b>4,120,350</b>	<b>-</b>	<b>1,239,007</b>	<b>-</b>	<b>2,929,175</b>	<b>8,288,532</b>
At 01 July 2020	4,120,350	-	1,239,007	-	2,929,175	8,288,532
Charge for the year (Main)	333,118	-	99,570	-	320,466	753,154
Charge for the year (Pvt Clinic)	9,900	-	3,269	-	39,865	53,035
Charge for the year (Sports Complex)	48,153	-	5,031	-	10,135	63,319
Depreciation before revaluation	(4,511,521)	-	(1,346,878)	-	(3,280,408)	(9,138,807)
Depreciation Adjustment on disposal	-	-	-	-	(19,233)	(19,233)
<b>At 30 June 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Carry amount At 30 June 2021	21,573,448	284,362	279,980	27,389	1,882,177	24,047,356
At 30 June 2020	15,851,849	401,236	178,657	27,389	805,984	17,265,115

The properties were revalued as at 30 June 2018 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 2018 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.

UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

17 INVENTORY

	<b>2021</b>	<b>2020</b>
	<b>K'000</b>	<b>K'000</b>
Consumables	405	405
Stationery	554	764
Projects	<u>1,795</u>	<u>1,795</u>
<b>Total inventories</b>	<b><u>2,754</u></b>	<b><u>2,964</u></b>

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

18 RECEIVABLES

	<b>2021</b>	<b>2020</b>
	<b>K'000</b>	<b>K'000</b>
Staff advances	403,297	229,925
Inter-colleges	550	550
Student receivables	2,524,266	1,401,709
Other receivables	101,646	87,721
Provision for bad debts	(93,753)	-
Prepayments	4,630	16,813
Cash Imprest	5,842	3,421
June Government Subvention	583,432	305,036
COM Clinic Receivables	248,133	-
Sports Complex	86,024	129,712
Project funds receivables	1,260,423	1,347,999
Project Cash Imprest	<u>627,501</u>	<u>670,784</u>
	<b><u>5,751,989</u></b>	<b><u>4,193,670</u></b>

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021

19 CASH AND CASH EQUIVALENTS

	2021	2020
	K'000	K'000
Sports complex funds	29,358	37,922
COM Pvt Clinic	30,346	-
Foreign currency denominated accounts	158,642	170,085
Current accounts	799,342	808,750
Deposit accounts	57,689	384,652
Project accounts	<u>4,729,152</u>	<u>4,914,583</u>
<b>Total</b>	<b>5,804,528</b>	<b>6,315,992</b>
COM Main (Cashbook negative balances)	(42,086)	(2,453)
Projects (Cashbook negative balances)	<u>(16,006)</u>	<u>(14,615)</u>
<b>Cash and cash equivalents as at 30 June 2020</b>	<b><u>5,746,435</u></b>	<b><u>6,298,924</u></b>

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.

**UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE**

**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)  
FOR THE YEAR ENDED 30 JUNE 2021**

**22 FUNDS FOR SPECIFIC PURPOSE**

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
ACEPHEM	-	30,000
BSHIP Faculty Overhead	461	701
COM Research Account – Admin Fees	204,918	321,262
COMED Alumni Association	24	24
Dept Funds – Obs/Gynae	-	1,627
Dept Funds – Anaesthesia	5,042	5,042
Dept Funds – Anatomy	21,255	15,016
Dept Funds – Biochemistry	58,954	13,965
Dept Funds – Bsc Degree In Laboratory Technician	2,315	2,315
Dept Funds - Community health	1,253	1,253
Dept Funds – Haematology	1,006	1,006
Dept Funds – Histopathology	8,511	8,683
Dept Funds – IT Department	501	501
Dept Funds – Library	12,305	12,080
Dept Funds – Malaria Research	152	152
Dept Funds – Medicine	4,976	4,976
Dept Funds – Microbiology	49,561	48,477
COM Student Scholarships	43,015	-
Dept Funds – Paeds	9,678	9,678
Dept Funds – Physiology	6,896	6,896
Dept Funds – Physiotherapy	17,210	2,776
Dept Funds – School of Pharmacy	3,684	564
Burkits/AFRICARE	2,351	-
Dept Funds – Undergraduate Deans Office	7,419	7,419
Dept Funds Psychiatry	358	358
Gates Malaria Project	129,131	-
Guest House-Clearing account	3,539	3,539
Health Management Unit	-	105
Funeral Parlour IGA	12,029	-
Inaugural Lecturer	2,353	2,353
Informatics account	24,417	38,398
Medicine Faculty Overhead	14,491	15,713
OBS & Gyna MMED Fellowship/Family Medicine MMED	-	7,051

UNIVERSITY OF MALAWI  
COLLEGE OF MEDICINE

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
FOR THE YEAR ENDED 30 JUNE 2021

22. PROJECTS UNSPENT FUNDS (FFSP) *(Continued)*

	2021	2020
	MK'000	MK'000
Malawi Dental School (Maldent Project)	-	234
Paediatrics Fellowship MMED Programme	99,368	104,957
PHFM Faculty Overhead	23,848	24,088
Postgraduate & Research Overhead	10,100	72,462
Postgraduate Funds	-	2,585
Resource Mobilization Overhead	16,085	15,181
Student Debtors Refunds	1,707	1,104
Student Outstanding Debtors & Overpayments	6,003	5,316
Sundry Deposits	800	-
UMSU/Student Rentals Clearing Account	2,208	1,876
Welcome Trust	18,498	-
Malaria Research	90,050	-
BMGF Xebomonitoring/Africa Trypanigen	2,665	-
Medical Council of Malawi – Index Fee	583	-
DIORAPHETE Grant/Building Family Medicine	37	-
COVID 19 General	233,712	-
SEED	6,027	-
MAP Care	<u>1,045</u>	<u>28,474</u>
Departmental Funds & Other Project Balances	<b>1,160,265</b>	<b>818,205</b>
Other project funds for specific purposes	<u>554,749</u>	<u>273,534</u>
<b>Funds for specific purposes before unspent funds for project</b>	<b>1,715,013</b>	<b>1,091,739</b>
Abortion Study	(47,551)	(47,551)
ACEPHEM	323,141	377,518
ACT – BT Projects	16,837	6,017
ADAPT Study	(5,826)	(5,826)
AESA – RISE Project	(449)	30,163
Africare	3,939	12,226
AMARI	111,844	95,493
Antibiotic in Miscarriage Surgery (AIMS)	17,641	6,372
ARCADE Project	(79,836)	(79,879)
Bsc Int. Med, Gynae & Anaesthesia	(28,172)	(28,172)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
FOR THE YEAR ENDED 30 JUNE 2021

22. PROJECTS UNSPENT FUNDS (FFSP) *(Continued)*

	2021	2020
	MK'000	MK'000
BT Clinical Research Project	180,520	129,391
Building Family Medicine	3,972	13,360
Building heart & Lung project	(24,835)	7,138
Capacity Build in Research Grants	(7,061)	(7,911)
Care for Development Project	(3,049)	(3,049)
CDC HIV Fellowship	(2,173)	(2,173)
CDC IMEM	(24,385)	(33,460)
CDC Partnership	(3,397)	(46,804)
CDCC	3,280	3,280
CEBHA+ Project	(3,988)	14,742
Centre for Reproductive Health	60,856	162,806
CHAIN	56,489	26,794
ELMA Anaesthesia Grant	870	1,816
Clinical Trial Management	(61,767)	(61,767)
COM – IDRC IMCHA	114,825	69,842
COST Africa Project	76,720	77,145
COSYST	3,800	3,761
CRH Investment Account	68,168	63,158
Cryotherapy	(2,940)	(2,783)
Diabetic Clinic	(7,992)	(8,060)
SOAR DREAMS	6,017	6,845
DUKE / MOVE University	925	957
ELMA CPAP Project	(28,916)	(28,916)
EMTCT Project	64,577	64,577
EU Beanish Project	3,791	3,873
EU Develop. Countries Clinical Trials Partnership (EDCTP)	(479,151)	(540,977)
F75 Study	1,022	1,045
Gates EED	269,951	272,449
Gates Malaria Project	333,779	221,153
Global Health	7,636	78,771
HBGDKI Project	34,281	34,281
Health Management Unit	35,869	35,869
Health Systems Strengthening Project (Queen Margaret)	(8,696)	(8,696)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
FOR THE YEAR ENDED 30 JUNE 2021

22. PROJECTS UNSPENT FUNDS (FFSP) *(Continued)*

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
Helse TB Project	(55,948)	3,025
HIV EHPSA MSM Project	2,225	2,477
HIV Implementation Research Training	140,506	28,746
ICMER 2	48,549	87,260
IKMC Project	45,083	62,519
ILINS Fanta Project	76,776	83,176
ILINS Project	(141,236)	(140,924)
IMMPAQKT	1,152	1,152
Infection Disease	50	(17,109)
Intermittent Preventive Therapy	195,598	195,598
Kusamala Project	4,106	4,106
WHO Life Long Project	(112)	(112)
Lungwena Umoyo project	(64)	54
MAC ENTO Studies	12,599	415,310
MAC Laboratory	6,370	6,399
Majete Malaria project	32,386	34,076
Malaria Decision Support System	(89,237)	164,160
Malarid	115,163	115,151
Malarid PMC	15,526	25,991
MARCH Study	5,159	3,862
Maternal Child Health	(19,758)	(12,193)
Mazira Project	25,691	25,829
MCDC Phd Fellowship	10,436	10,388
Mental Health Project	34,831	34,248
MIEHCAP Project	(6,513)	(6,640)
MORDOR Project	19,900	24,181
NAC BDS Study	11,348	14,314
NACCAP	75,740	75,740
Norad Program for Masters	(440)	(440)
NORHED ASCA	45,603	72,381
NORHED Surgery	(7,858)	(20,782)



NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
FOR THE YEAR ENDED 30 JUNE 2021

22. Projects Unspent Funds (FFSP) *(Continued)*

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
Norway / SIDA Phase 4	117,977	118,474
Performance Based project	(3,869)	(2,537)
Pharmacy Extension Project	(14,178)	(3,252)
PK-PD Models Study	(271)	(271)
Premier Postgraduate	410,631	394,435
Research Ethics Committee	(49,916)	(56,107)
Research Support Centre	(22,523)	(93,717)
SACORE Grant	(101,346)	(119,764)
Scottish Collaboration	28,250	26,918
Securing Water in Rural Malawi	(26)	(26)
Small Grants Project	631,442	285,426
SOAR Project	(17,235)	(7,969)
SPCD Project	22,469	3,261
St Louis Nutrition Project	38,413	30,094
Sugarfact	3,028	7,004
Surg Africa	11,037	76,290
TESA Project	364	364
THRU Project	84,501	78,072
THRU / Pfizer Project	(30,780)	(30,780)
Trypanogen Project	(823)	14,308
UNC Project	(1,071)	(1,071)
United Front for Body Rights	-	23
Universal Financial Risk	(419)	131
Urban Malaria	(815)	(773)
World Children Cancer Foundation	68,031	68,031
World Diabetes Foundation	(62)	(62)
Centre for Bioethics	(9,600)	(9,600)
CBM SENT Project (P3226)	8,843	8,907
HAP	5	5
AEVGI	1,008	2,943
Thanzi la Onse	(35,746)	(11,185)
GAVI	138,957	285,791
NAC I – Tech (BDSS)	17,748	56,445

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
FOR THE YEAR ENDED 30 JUNE 2021

22. Projects Unspent Funds (FFSP) *(Continued)*

	<b>2021</b>	<b>2020</b>
	<b>MK'000</b>	<b>MK'000</b>
MVIP	475,765	530,702
PHNG GSK	91,295	51,008
STHP	(13,427)	40,647
P 20	16,616	92,844
Maldent	1,892	5,469
Nutritional Sub Study	12,704	18,037
PEER CANCER	15,556	36,621
NEST	6,966	52,713
CPMZ	391	4,860
Rapaed	(18,891)	6,427
Drink	(1,590)	67,739
IMPROVE 2	79,417	245,934
MITS	2,505	1,188
Generation Mw	28,443	-
Maternity near Miss	(3,876)	-
CHEER	95,313	-
Alert Study	112,328	-
Smokeless	9,056	-
CDC Healers	16,671	-
SCATHIM	65,550	-
Blood Safe Study	35,135	-
Impress Study	42,175	-
KUHeS Corruption Project	24,599	-
Percovid	(28)	-
<b>Unspent Funds for Projects as at 30 June 2021</b>	<b><u>4,123,241</u></b>	<b><u>4,624,589</u></b>
<b>Total Funds for Specific Purposes</b>	<b><u>5,838,254</u></b>	<b><u>5,716,328</u></b>

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
FOR THE YEAR ENDED 30 JUNE 2021

23. PAYABLES

	<b>2021</b>	<b>2020</b>
	<b>K'000</b>	<b>K'000</b>
Trade Payables	613,797	337,238
Other Payables	703,500	392,868
Accruals	26,813	487,245
Prepayments & Students Credit Balances	225,334	214,497
Negative Cash Balances	58,093	-
PAYE	2,584,210	2,229,145
Withholding Tax	91,116	35,821
Estimated Service Gratuity (24)	2,912,387	7,223,074
COM Pvt Clinic	218,737	-
Sports Complex	249,682	211,999
Project Funds Payables	1,008,569	1,262,258
<b>Total</b>	<b><u>8,692,238</u></b>	<b><u>12,394,145</u></b>

24 CONTINGENT LIABILITY

The Council of the University of Malawi resolved to abolish the service gratuity to which only staff with 20 years of service and above would be entitled to receive their gratuity. Following this development, a provision amounting to **MK000' 2, 912, 387** has been recognized in the financial statements while service gratuity for staff under 20 years of service amounting to **MK000' 5, 331, 424** is hereby disclosed as contingent liability.

25 SUBSEQUENT EVENTS

Subsequent to the reporting date, no events have occurred requiring adjustment to or disclosure in the financial statements.