VISON

To be a strong voice and catalyst for local and global competitiveness of Malawian Business

MISSION

We exist to advance the interests of our members through representation and provision of value adding service

Professionalism: We act with the degree of competence and skills expected of us.

Empathy: We are human beings serving human beings.

Team work: We are committed to common goals, and supportive of each other, each other’s talents, capabilities, limitations and weaknesses.

Reliability: We deliver on our promises on a consistent basis.

Integrity: We act with honesty without compromising the truth, and take responsibility for our actions.

OUR MOTO!

MCCCI: The Voice of the Private Sector
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I am glad to present to you the 2017-2018 annual report.

In the year 2017, there were subtle improvements in some macroeconomic indicators such as a drop in inflation rate from an average of 21.8 percent in 2016 to an average of 11.6 percent in 2017, an improved Gross Domestic Product (GDP) growth estimated at 5.1 percent compared to a paltry 2.7 percent in 2016, and a decline in the average base lending rate from a high of 33.6 percent in December 2016 to a slightly lower 26.9 percent in December 2017.

As a result of these improvements, economic actors expected their entities to perform well. However, this was not the case as evidenced by the MCCCI 2017 Malawi Business Climate Survey, which revealed the continued existence of other serious obstacles to doing business such as short supply of electricity, access to capital, uncertainty in the economic and policy regulatory environment particularly in the agriculture export sector, rampant corruption, unreliable telecommunication services and implementation of tight monetary policy by the Reserve Bank of Malawi which took away liquidity from the money market, hence denying the private sector from benefiting from reduced interest rates. As such the private sector failed to expand fast enough to support Government’s revenue collection targets.

The Confederation made a number of efforts through continuous engagement with authorities to address key challenges affecting the private sector. The following were results of the advocacy efforts carried out mainly through the Public Private Dialogue (PPD) Forum: A series of reductions in policy rate from 24 percent in February 2017 to 16 percent currently (April 2018), the ongoing resettlement by government of Value Added Tax (VAT) Refunds, the continuing review of private sector related policies and bills such as Seed Policy, Control of Goods Act, Tobacco Bill, and Pesticides Bill, approval of the Seed Policy by Cabinet, the development of an Independent Power Producer (IPP) framework to mitigate energy challenges, and exploring possibilities to export mangoes and pigeon peas to India. An exclusive tonnage for Malawian pigeon peas to be allowed into India was requested and is being reviewed.

The initial steps taken during the year included the strengthening of the institution by reorganizing the organisation structure. The new 2017-2021 Strategic Plan is premised on three key thrusts of Institutional strengthening, business facilitation and service delivery and Cross-cutting issues.

The Confederation also conducted trade promotion events and activities, capacity building initiatives, resolution of member’s issues and packaging of business and economic information. There was an increase in membership of the Confederation although only by one. In addition a newly developed Strategic Plan was refined in order to
guide the operations of the Confederation in a way that responds to the needs and aspirations of the members.

I would like to call upon all businesses to renew membership for 2018. The Confederation will strive to deliver its goal of ensuring that you as members become competitive both on the local market and the international market. We will do whatever it takes to be your voice whenever and wherever it is necessary to ensure that the authorities work on addressing the major obstacles to doing business and we begin to see fundamental improvements in the business operating environment. We will also help your businesses become competitive through a number of capacity building initiative. In that way, your businesses will grow, as will its wealth.

I wish to encourage you to continue providing your steadfast support to the secretariat as you have always done through provision of feedback and advisory comments in areas we need to enhance service delivery for the growth of businesses, the Confederation and the economy as a whole.

I would like to urge you to go through the whole Report in order to get a fuller picture of all the activities that your organisation conducted in 2017 in serving you.

I wish you prosperity in 2018.

Thank you very much.

President
MCCCI Council

Karl Chokotho
- PRESIDENT

Karl Chokotho holds a Bachelor of Business Administration degree from the University of Malawi and several professional certificates. He is currently the Managing Director and a member of CMA CGM Malawi Board of Directors. He has 20 years of work experience in Malawi and in the region. He is a board member of several companies and organisations.

Prince Kapondamgaga
- DEPUTY PRESIDENT

Prince Kapondamgaga is a holder of Master of Science in Crop Science and a Bachelor of Science in Agriculture obtained from Bunda College of Agriculture (Now the Lilongwe University of Agriculture and Natural Resources). He is currently the Chief Executive Officer for Farmers Union of Malawi, an umbrella body for farmers in Malawi. He has more than 15 years of experience in agribusiness development and strategic management. He has held senior positions at various organisations such as World Vision and Concern Universal. He sits on several boards such as Export Development Fund, Malawi Lake Basin Program and Farm Radio Trust. He is also a member of several high-level committees on key country programmes to drive agriculture in Malawi. He has published papers in Weed Science Society Journal and African Crop Science Journal.

Lester Tandwe
- COUNCILLOR

Lester Tandwe holds a Master of Information Technology and a Master of Business Administration, Bachelor of Science in Electrical Engineering and a Postgraduate Diploma in Management Studies. He is a registered Engineer with Malawi Board of Engineers. He is currently the Managing Director of ICT Networks (2009) Limited and has 20 years of experience in the technology sector. He serves as a Non-Executive Director for several companies and organisations.

Timothy de Borde
- COUNCILLOR,
Chairman of Finance, Audit and Administration Committee

Timothy de Borde is a holder of Bachelor of Arts (Accounting) with Honours. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW). He has 17 years working experience and is currently the Managing Director at Exagris Africa Limited.
MCCCI Council

Fredrick Changaya
- COUNCILLOR
Fredrick Changaya holds a Master of Science Degree in Marketing obtained from Salford University-UK and currently studying for Doctor of Business Administration with California Southern University. He is currently General Manager of Candlex Limited and has more than 20 years of experience in the private sector. He is also the current Co-Chairperson of National Working Group on Trade Policy and has been in other leadership positions in private sector groups such as Manufacturers Association and Home and Personal care Industry.

Faizal Karim
- COUNCILLOR
Faizal Karim is a holder of Master of Science in Strategic Management from University of Derby (UK). He is also a graduate of Bunda College of Agriculture formerly a constituent college of the University of Malawi. He is a businessman and has been Managing Director for various companies for 24 years. Currently he is Managing Director of Mzuzu Panel Beaters. He has served as a District Governor for Lions Clubs International and is an active member of Mzuzu Lions Club.

William Mbobe
- COUNCILLOR
William Mbobe holds a Bachelor of Science in Civil Engineering from the University of Malawi. He is the founder and Managing Director for Sitbec Limited which he has managed for the past 12 years. He serves as a board member for several organisations.

Elias Kafinyangwe
- COUNCILLOR
Elias Kafinyangwe holds a Bachelor of Business Administration from the University of Malawi. He is founder and Managing Director for Saile Financial Services Limited.
Management

**Chancellor Kaferapanjira, MSc (Economic Management & Policy), MSc (Strategic Management)**
- CHIEF EXECUTIVE OFFICER

Chancellor Kaferapanjira holds a Master of Science in Economic Management and Policy (Distinction) and Master of Science in Strategic Management. He has several years of experience at senior level having worked as Deputy General Manager at Malawi Investment Promotion Agency (Now part of Malawi Investment and Trade Centre) before joining the Confederation in January 2003. He has served and continues to serve on a number of private companies and public agencies boards.

**Chimwemwe Luhanga, MBA, BAcc, FCCA, CA (M)**
- HEAD, ACCOUNTING AND FINANCE

Chimwemwe Luhanga holds a Master of Business Administration (Distinction) from the University of Derby and Bachelor of Accountancy Degree (Credit) from the University of Malawi. He is a Fellow of the Association of Chartered Certified Accountants (FCCA), a Certified Public Accountant, CA (M) and a member of the Institute of Chartered Accountants in Malawi (ICAM). He has 16 years of practical experience in financial management acquired in the public, private and not-for-profit sectors. He sits on the boards of NICO Associated Pensions Trust and Chichiri Shopping Centre Limited.

**Hope Chavula**
- HEAD, REAL SECTOR AND MACROECONOMIC POLICY

Hope Chavula holds a Master of Arts (Economics) and a Bachelor of Social Science (Economics) both from the University of Malawi. He has previously worked as an Economist in Malawi Government before joining the Malawi Investment Promotion Agency (now part of Malawi Investment and Trade Centre) as Planning & Research Manager. He has vast experience of more than 15 years in the area of economic analysis and private sector development. Mr Chavula is also an executive member of the Economics Association of Malawi and a member Ifo World Economic Survey Expert Group.

**Joy Mkandawire, BAcc, FCCA**
- HEAD, MEMBERSHIP SERVICES AND COMMUNICATION

Joy Mkandawire holds a Bachelor of Accountancy Degree from the University of Malawi. He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants in Malawi (ICAM). Presently, he is pursuing his MBA from the University of Malawi- The Polytechnic. He has 10 years of practical experience in financial management.
Review of Economic Environment

ECONOMIC OUTLOOK FOR 2017 AND PROSPECTS FOR 2018

The economic outlook for Malawi according to 2017 Annual Economic Report compiled by Ministry of Finance, Economic Planning and Development (MFEPD) showed that the economy was recovering from a growth rate of 2.7 percent in 2016 to 6.1 percent in 2017 on account of favourable weather conditions. Gross Domestic Product (GDP) growth was also projected to remain strong with a growth performance of 5.0 percent which would mainly be driven by stability of the macroeconomic environment which is expected to promote private sector investment in 2018. Figure 1 below shows trends of inflation and GDP growth rates.

The economy continued to show declining inflation rates in 2017. The December 2017 inflation rate was at 7.1 percent and this led to an average inflation rate of 11.6 percent in 2017.

Figure 1: Trend of Inflation and GDP Growth Rates

![Trend of Inflation and GDP Growth Rates](image)


The Reserve Bank of Malawi (RBM) continued to implement a cautious tight monetary policy stance from 2016 which continued to prevail in 2017. The Policy Rate was consistently reduced from 27 percent in 2016 to 16 percent by December 2017. However, as at the end of December 2017, the average base lending rate and average savings rate remained high at rates of 26.90 percent and 5.83 percent, respectively as reported by the RBM Monthly newsletter for December 2017. From interest performance for the year 2017 presented below and it can be observed that interest spread remained high at 17.8 percent in December 2017.
Malawi has experienced a relatively stable foreign exchange rate in 2017 averaging US$730.27. Monthly average for foreign exchange reserves for the period January 2017 to October 2017 was US$341.5 million for private sector and US$648.5 million for Gross Official reserves translating into an average import cover of 4.7 months for total reserves (Gross and Private Sector reserves). As at December 2017, Gross official reserves were estimated at US$749.7 million, slightly higher than US$745.1 million in November 2017, and US$600.4 million in December 2016. Import coverage remained virtually constant at 3.6 months. The reported import cover of 3.6 months was recorded in December 2017 despite weakening performance of exports in 2017.

During the year, Malawi benefited from the receipt of US$84.3 million budgetary support from the World Bank and US$31.2 million capital inflow from Trade and Development Bank (TDB), formerly PTA Bank.

Figure 3: Months of Import Cover
Review of Economic Environment

CREDIT TO PRIVATE SECTOR

A Reserve Bank of Malawi December Monthly Newsletter reported that the banking system’s credit to the private sector grew by K2.3 billion to K414.2 billion in December 2017 as compared to K408.3 billion in December 2016. Foreign exchange denominated loans and commercial and industrial loans grew from K116.7 billion and K157.2 billion to K125.1 billion and K157.9 billion, respectively.

In contrast, mortgages and individual household loans declined by K4.1 billion and K3.1 billion to K32.4 billion and K129.6 billion, respectively. In terms of economic sectors, the growth in private sector credit highlighted increases in credit to agriculture (K7.7 billion), wholesale and retail trade (K5.7 billion), electricity, gas, water and energy (K1.3 billion) and other sectors (K2.0 billion). Meanwhile, financial services, community services, transport and manufacturing sectors registered decreases.

The figure below shows these sectoral developments in Private Sector Credit to private sector. Wholesale and retail trade sector continued to account for the largest proportion of the outstanding loan stock at 26.1 percent. Agriculture, manufacturing and community services sectors accounted for 25.3 percent, 17.9 percent and 11.1 percent of the total private sector credit, respectively.

Figure 4: Sectoral Development in Private Sector Credit

Source: Reserve Bank of Malawi

CREDIT TO THE PUBLIC SECTOR

The public sector’s liabilities to the banking system rose by K29.9 billion to K531.3 billion as at end December 2017 compared to K534.6 billion in December 2016. Net credit to the central government increased to K523.2 billion from K496 billion in the previous month. Apparently, borrowing by statutory bodies increased by K2.3 to K8.1 billion.

FISCAL POLICY PERFORMANCE

The implementation of the fiscal policy has been tainted by several factors including continued dwindling of budget support because grants as a percentage of GDP was expected to reduce to 2.6 percent and 2.3 percent in 2017/18 and 2018/19 fiscal years according to 2017 fiscal budget document. The private sector has not been growing to substantially support government revenues due to several obstacles to doing business. This has led to a forecasted under collection of tax revenues by Malawi Revenue Authority of MK46.3 billion at 2017/2018 mid-year.

According to 2017 Annual Economic Report of the Ministry of Finance Economic Planning and Development, total revenue and grants as a proportion of GDP was expected to decline to 22.3 percent and 22.1 percent in 2017/18 and 2018/19. As part of fiscal adjustment, the 2017/18 budget was formulated so that recurrent expenditure totalling 18.4 percent of GDP should be fully financed by domestic resources which were expected to total 19.7 percent of GDP. Creation of fiscal space for other growth-enhancing expenditure would be problematic unless interest payments significantly decline as a share of GDP in the 2017/18 fiscal year.
2017 Performance

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1. PERFORMANCE OVERVIEW

The year 2017 was a successful year for the Confederation where most of its planned activities were accomplished besides a challenging economic environment.

The Confederation started to implement the 2017-2021 Strategic Plan during the year which largely involved strengthening the institution by reorganizing the Organisation structure to enable it effectively deliver its mandate.

The retention rate of membership of 85 percent was good and membership numbers remained stable. Trade promotion events drew reasonable number of exhibitors although they did not register significant growth.

Some successes were realized in the key mandate of Lobbying, Advocacy and Representation for a conducive environment.

The financial status of the Confederation was sound during the year as all operating and capital expenditure were met from locally generated revenue.

The performance for the year 2017 is presented in details below under the following headings:

   a) 2017-2021 Strategic Plan
   b) Institutional Strengthening
   c) Business Facilitation and Service Delivery
   d) Cross Cutting Issues
   e) Financial Performance

2. 2017 –2021 STRATEGIC PLAN

During the year 2017, the Confederation started implementing the 2017-2021 Strategic Plan. This followed the expiry of the predecessor Strategic plan which expired in 2015. In 2016, the Confederation development the new strategic plan through a consultative process which involved members and other key stakeholders. The activities of the Confederation would be guided by the strategic plan for five years with the commencement in the year 2017.

The Strategic plan is based on three Strategic thrusts as discussed below:

2.1. Strategic Thrust 1: Institutional Strengthening

The goal for the first thrust is to achieve internal organizational strengthening, development and sustainability.

The goal is anchored by three strategic objectives to build capacity of Management and Staff continuously, to enhance systems and procedures and to grow and strengthen financial base for development and other projects.

Building the capacity of Management and Staff involves the strengthening of the Organization Structure by moving from Departments to Directorates. Each Directorate will focus on the respective thrust of the Strategic plan and will be headed by a Director. The Confederation would ensure to develop the capacity of Management and Staff to effectively delivery the aspirations of the strategic plan. Other members of staff will be redeployment to areas where they could be more effective and recruitment of new staff would be conducted to bring in new skills to strengthen the available capacity.

The Confederation would endeavour to enhance its systems and procedures by developing an Integrated Management Information System (IMIS) and reviewing all systems, procedures and operating processes to align them to the strategic plan.
2017 Performance

In order to grow and strengthen financial base for development and other projects, the Confederation will seek to diversify its revenue sources and monitor the growth of the revenue streams.

The Confederation aspires to maintain or rehabilitate its Assets and Physical Infrastructure at the Chichiri Trade Fair Grounds to enhance utilization. With the re-introduction of Trade Fairs in the Central and Northern regions, the Confederation would seek to establish exhibition grounds in Lilongwe and Mzuzu during the life of the Strategic Plan.

2.2. Strategic Thrust 2: Business Facilitation and Service Delivery

The goal of the second thrust is to improve delivery of business facilitation services to members and stakeholders.

The goal is supported by three strategic objectives of enhancement of business facilitation and services delivery to members at all times, establishment of a robust network of stakeholders for collaboration and networking and enhancement of customer service delivery.

The Confederation will enhance business facilitation and services delivery to members through Capacity Strengthening and building competitiveness of members by offering competitiveness training programmes offered by acclaimed trainers in various areas which hinder the competitiveness of members, promote linkages of corporate members to SMEs, integration of industries and support participation of SMEs at International events.

The Confederation would develop an Advocacy framework to guide its Advocacy, Lobbying and Representation activities. The Confederation intends to strengthen its participatory approach by involving members in setting the advocacy agenda and pursuing to the advocacy issues to their finality.

Networking and collaboration with stakeholders is imperative for the Confederation to achieve commendable results. The Confederation would seek to establish a robust network of stakeholders for collaboration and networking through the development and implementation of a stakeholder relations strategy.

Membership Development, Retention and Communication will remain a key function of the Confederation hence the delivery of membership benefits will be closely monitored and improved with feedback from members.

During the life of the Strategic plan, the Confederation will diligently market its membership and continuously improve its value proposition and quality service.

The Confederation will continue to discharge its function to promote trade through the organisation of trade promotion events such as the Malawi International Trade Fair, Sector specific and Regional fairs.

2.3. Strategic Theme 3: Cross-cutting Themes

The goal of the third thrust is to improve institutionalization of cross cutting issues in respect of Gender Equity, HIV and AIDS, Corporate Social Responsibility, Climate Change, and Sustainable Development Goals.

This goal is sustained by a single strategic objective of institutionalizing a better implementation of the cited issues.

To institutionalize better implementation of cross-cutting issues, the Confederation will focus on the implementation of activities to strengthen HIV and AIDS and Wellness, Gender mainstreaming, Corporate Social Investment (CSI), response to Climate Change and implementation and reporting of Sustainable Development Goals.
3. INSTITUTIONAL STRENGTHENING

In the first year of the implementation of the Strategic Plan, the Confederation has completed the following activities.

3.1. Redesign the Organisation Structure

During the year, the Confederation sought to align the Organisation Structure to the strategic plan. A new Organisation Structure was approved by Council and took effect on 1st February 2018.

The new Organisation structures organizes the functions of the Confederation along the main thrusts of Strategic Plan. The new structure introduces Directorates which are responsible for achieving the strategic objectives under the respective thrusts. The Directorates of Institutional Strengthening and Investment, of Business Environment and Policy Advocacy and of Membership Development and Service Delivery will be headed by Directors.

The Confederation assessed the available Human Skills capacity and capabilities and assigned responsibilities based on the assessment. Recruitment will be conducted in 2018 on competitive basis to fill the positions of Directors and the positions which could not be filled with the available capacity.

Staff and Management will be exposed to specialized training programmes to improve their skills to deliver the aspirations of members as espoused in the strategic plan.

4. BUSINESS FACILITATION AND SERVICE DELIVERY

4.1. Capacity strengthening and building competitiveness of members

The Confederation continued with its quest to build the capacity of members. During the year 11 workshops and seminars were conducted to address several capacity needs of members. The Confederation reached 252 participants with various capacity building interventions.

4.2. Advocacy, Lobbying and Representation

The Confederation continued to engage authorities on various issues in order to improve the business environment in Malawi. During the year 2017, the following engagements took place.

4.3. Public Private Dialogue

Two Public Private Dialogue (PPD) fora took place out of the four planned for the year. The PPD was convened to review progress on key issues and the following were raised from the fora.

a) Implementation of electricity generation programs such as Mozambique Interconnector, Kamwamba Coal Fired Plant, as well as Independent Power Producers Framework. Efforts on these initiatives remained on going despite heavy challenges of power in 2017 when power generation reached unprecedented low levels of less than 200MW which gave teething problems to businesses.

b) The Reserve Bank of Malawi committed to establishing a Development Bank by September 2017 alongside other efforts to establish a development finance institution by National Bank of Malawi. National Bank of Malawi planned to roll out the services in 2018. During the year, Government was also working on the feasibility study for the establishment of the Agriculture Cooperative Bank.

c) Reserve Bank of Malawi (RBM) undertook to arrange sessions with private sector and other stakeholders to come up with a framework for tapping growing resources from pension funds to support the financing priority projects such as those in the energy sector. According to the Reserve Bank, pension funds are projected to grow to K1.3 trillion by 2018.
2017 Performance

During the year RBM engaged various financial institutions including Malawi Stock Exchange on the possibility of raising capital for investment in Malawi. The meeting of Malawi Stock Exchange with various potential stakeholders agreed the following roadmap:

- The Malawi Stock Exchange would lobby with Ministry of Finance, Economic Planning and Development for listing of selected statutory bodies as a way of creating diverse investment opportunities.
- To persuade the Ministry of Finance, Economic Planning and Development to issue long term debt as part of activating the bond market and creation of investment options.
- The Financial Markets Department of the Reserve Bank to lead the Task Force to oversee implementation of the roadmap.

RBM also convened a meeting which was attended by Institutional Investors i.e. Pension Fund Managers and Insurance Houses to encourage them to consider the energy sector for investment. The Institutional Investors pointed out that the energy sector was indeed one of the areas where they explore to invest.

The Reserve Bank was further working with stakeholders and other intermediaries to establish a Small and Medium Enterprise (SME) fund and make Export Development Fund more effective.

d) The Ministry of Finance, Economic Planning and Development indicated that as of March 2017, K175.5 billion worth of zero coupon promissory notes had been issued to repay arrears to private sector. Those maturing at end of March 2017 alone amounted to K44.8 billion.

e) The Ministry of Finance, Economic Planning and Development was planning for capital injection to ease outstanding VAT refund arrears which remained high.

4.4. Representation

The Confederation represented members on a number of policy and strategy meetings to influence the direction of the economy to improve the business climate in Malawi. Several issues were discussed to provide input in Government decisions such as timing of maize ban.

The Confederation represented members at the following international events:

- The Arab – Africa Economic Forum which was held in Amman, Jordan from 27 – 28 September, 2017. The Summit was held to strengthen trade and investment relations between the Arab World and Africa. The Chief Executive accompanied the Minister of Industry, Trade and Tourism.
- The India – East Africa Regional Conclave in Kampala, Uganda, which was held from 20 – 21 November, 2017. The Conclave was organized by the Confederation of Indian Industries (CII) and MCCCI mobilized Malawian businesses to participate at this forum in accordance with a Memorandum of Understanding (MoU) with CII. Management met with ten potential business linkage partners from India and Uganda who sought to partner with their Malawian counterparts through the supply of agricultural technologies, industrial technologies, industrial equipment, internet technology, investment in power generation, and partnerships with small and medium-scale enterprises. The partnership opportunities were circulated to members.

4.5. Pre-Budget Consultations

The Confederation held pre-budget consultations with the Minister of Finance, Economic Planning and Development to input into the 2017/18 National budget. A number of issues which were solicited from members and presented during the consultations. Some of the issues which were incorporated in the budget include removal of VAT on milk and exemption of VAT on cooking oil.
2017 Performance

4.6. Stakeholder/Member Network and Collaboration

The Confederation held 5 Networking Dinners events to provide a platform of engagement between Government, Authorities and Private Sector. The Dinner events were organized along trade fairs in Blantyre and Lilongwe and during the official launch of the Malawi Business Climate Survey. Members engaged with Governor of the Reserve Bank of Malawi, Minister of Energy, Mines and Natural Resources and Minister of Industry, Trade and Tourism.

The Confederation also hosted the Minister of Justice and Constitutional Affairs who addressed and interacted with members on strategies for combating corruption.

The Confederation facilitated a meeting of members with Commissioner General of the Malawi Revenue Authority over smuggling of products into Malawi and a number of interventions were agreed to reduce incidences of smuggling.

4.7. Research

The Confederation carried out three key research activities during the year 2017. The Executive Opinion Survey of the World Economic Forum whose report was released in September 2017; Malawi Business Climate Survey which was launched in December 2017 and an Industry survey on the impact of electricity situation in Malawi. These surveys strengthened the lobbying positions of the Confederation.

4.8. Membership

The Confederation retained 221 of 263 members representing a retention rate of 84 percent. On the other hand 45 new members were enlisted during the year. The total number of members during the year 2017 was therefore 265 representing a minor growth of 1 percent.

4.9. Communication

The Confederation provided to members up to date business and economic information on monthly and quarterly periods. The Confederation also produced business briefs of the outcome of the Executive Opinion Survey of the World Economic Forum, World Bank Doing Business Report of the World Bank for members to appreciate and utilize their results for sound decision making.

The Confederation continued to maintain its website to reach a number interested businesses on various areas that the Confederation undertook.

4.10. Trade Promotion Events

The Confederation continued to deliver on its Trade Promotion objective. During the year, four trade promotion activities were held across the country as follows:

4.10.1. Malawi International Trade Fair

The Malawi International Trade Fair was held from 24th May to 3rd June 2017 at the Chichiri Trade Fair Grounds in Blantyre. The Fair attracted 236 exhibitors of which 8 were international exhibitors. 29,000 patrons visited the Fair during the period of the event.

4.10.2. Lilongwe Trade Fair

The Lilongwe Trade Fair was held for the second successive year at the Gateway Mall from 27th to 30th July 2017 as part of taking the trade fairs to the regions. The fair garnered 62 pavilions which were occupied by local exhibitors. The Fair is still at its development stage but has great promise for growth.
2017 Performance

4.10.3. National Agriculture Fair

The National Agriculture Fair was held in Blantyre from 16th to 19th August 2017 at the Chichiri Trade Fair Grounds. The event was successful with an oversubscription and construction of makeshift pavilions to accommodate the exhibitors. There were 105 pavilions at the exhibition.

4.10.4. Mzuzu Trade Fair

This was also part of the Confederations efforts to entrench the regional fairs. The fair was held at Taifa Market Carpark in Mzuzu with 30 exhibition pavilions.

5. CROSS-CUTTING THEMES

• The Confederation partnered with the Association of Early Childhood Development (AECD) to encourage members to take part in the activities of early child development to prepare the children who are future leaders in this economy. This was also meant to lay the foundation of understanding of issues of child rights.

• The Confederation was also involved in the taskforce towards the development of the Climate Change Fund which is still under discussion. This was meant to support the decision by Malawi, like all the other Parties to the United Nations Framework Convention on Climate Change (UNFCCC), its plan to transition towards low-emission and climate resilient development through submission of its Intended Nationally Determined Contributions (INDC) in September 2015 and ratification of the Paris Agreement in June 2017.
MCCCI Membership

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22 Gold
22 Silver
23 Bronze
Premium Partners

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E-mail: llw.kchokotho@delmas.com
Managing Director: Mr. Karl K. Chokotho

Airtel Malawi Limited
P. O. Box 57,
Lilongwe, MALAWI.
(T) 0999 901 300
(M) 0999 989 002
E-mail: charles.kamoto@mw.airtel.com
Managing Director: Mr. Charles Kamoto

Consolidated Processing Industries Ltd
P. O. Box 30891,
Lilongwe, MALAWI.
(T) 01 711 111
E-mail: T.Mtegha@consolpi.mw
Managing Director: Tawonga Allan Mtegha

ESCOM Limited
P. O. Box 2047,
Blantyre, MALAWI.
(T) 01 822 000/01 870 921/01 874 935
E-mail: achikwaya@escom.mw
Chief Executive Officer: Dr. Allexious Chiwaya

FDH BANK
P. O. Box 512,
Blantyre, MALAWI.
(T) 01 820 219/397/296
E-mail: eouattara@fdh.co.mw
Managing Director: Eric Ouattara

Farmers Union of Malawi
P. O. Box 30457,
Lilongwe, MALAWI.
(T) 01 750 222/229
E-mail: pkapondamgaga@farmersunion.mw
Chief Executive Officer: Mr. P. Kapondamgaga

Globe Internet Limited
P. O. Box 5025,
Limbe, MALAWI.
(T) 01 841 044
E-mail: bml@globemw.net
Managing Director: Mr. Ranjan Perera

Globex Malawi Limited
P. O. Box 40012,
Lilongwe, MALAWI.
(T) 01 711 111
E-mail: fries.vanneste@jti.com;
harold.msusa@jti.com; limbani.kakhome@jti.com
Managing Director: Mr. Fries Vanneste

Mapeto (DWSM) Limited
P. O. Box 30070,
Blantyre 3, MALAWI.
(T) 01 870 939
E-mail: mm@mapetodwsm.com
General Manager: Mr Martin Mpata

Monsanto Malawi Limited
P. O. Box 30050,
Lilongwe, MALAWI.
(T) 01 710 144
E-mail: gift.kawamba@monsanto.com
Country director: Mr. Gift Kawamba

National Bank of Malawi Plc
P. O. Box 945,
Blantyre, MALAWI.
(T) 01 820 622/837/501/01 824 776
E-mail: chiefexec@natbankmw.com
Chief Executive: Mr MacFussy M. Kawawa

NICO Holdings Plc
P. O. Box 501,
Blantyre, MALAWI.
(T) 01 831 902
E-mail: vkmwenda@nicomw.com
Group Managing Director: Mr Vizenge Kumwenda

Pannar Seed Ltd
P. O. Box 40536
Lilongwe 4, MALAWI.
(T) 01 713 007/010
Email: info@pannar.com
Acting Managing Director: Chipi Juziwelo

Rab Processors
P. O. Box 5338,
Limbe, MALAWI.
(T) 01 820 622/637/50101/01 824 776
E-mail: chiefexec@natbankmw.com
Chief Executive: Mr MacFussy M. Kawawa

Siku Transport
P. O. Box 51111,
Limbe, MALAWI.
(T) 01 871 432
E-mail: salesregister@sikumw.com;
abdul@sikumw.com
Managing Director: Mr Abdul Munaf Rashid

Simama General Dealers
Simama General Dealers
P. O. Box X 42,
Lilongwe, MALAWI.
(T) 01 1761 363
E-mail: md@simamaptpl.com
Managing Director: Mr. Francis Simama

Standard Bank Malawi Plc
P. O. Box 30386,
Lilongwe, MALAWI.
(T) 01 774 688
E-mail: William.Le.Roux@standardbank.co.mw;
Dayrica.Mwendera@standardbank.co.mw;
Chief Executive: William Le Roux

SUNSEED Oil Limited
P. O. Box 748,
Lilongwe, MALAWI.
(M) 0888 999 087
E-mail: wkassam@globemw.net
Managing Director: Mr. Wassim Kassam

Telekom Networks Malawi Plc
P. O. Box 3038,
Blantyre, MALAWI.
(T) 0888 800 800
E-mail: Eric.Valentine@tnm.co.mw
Chief Executive Officer: Eric Valentine

Unilever South East Africa
P. O. Box 5151,
Limbe, MALAWI.
(T) 01 841 100
E-mail: anele.zunga@unilever.com
Country Manager: Anele Zunga
## Platinum Partners

1. ADMARC  
2. Agora Ltd  
3. Airport Development Ltd  
4. BAT Malawi Ltd  
5. Blantyre Water Board  
6. Bollore Africa Logistics  
7. Business Computer Services Ltd  
8. Candlex Ltd  
9. Capital Foods Ltd  
10. Capital Oil Refining Industries  
11. CEAR  
12. Chibuku Products Ltd  
13. Combine Cargo  
14. Dairibord Malawi Ltd  
15. Deloitte  
16. Ecobank Malawi Ltd  
17. Engen Ltd  
18. Ernst and Young  
19. Ethanol Company Ltd  
20. Exagris Africa Ltd  
21. Export Trading Ltd  
22. Getbucks  
23. HMS Foods and Grains Ltd  
24. HTD Ltd  
25. ICT Networks  
26. Infracen Ltd  
27. Insurance Association of Malawi  
28. IT Centre  
29. Kansai Plascon Ltd  
30. Kawalazi Estate  
31. Knight Frank Mw Ltd  
32. KPMG  
33. Lab Enterprises Ltd  
34. Lafarge Cement Mw Ltd  
35. Leopard Match Ltd  
37. Lilongwe Water Board  
38. Limbe Leaf Tobacco Co  
39. Malawi Leaf Co Ltd  
40. Malawi Telecommunications Ltd  
41. MANICA Ltd  
42. Mkaka Construction Co Ltd  
43. Mpico Ltd  
44. Mzuzu Panel Beaters  
45. Nampak Malawi Ltd  
46. NASFAM  
47. NBS Bank Plc  
48. Nedbank Malawi Ltd  
49. New Finance Bank  
50. Nu Line Textiles Manufacturers  
51. OIBM  
52. Old Mutual Plc  
53. Optichem Ltd  
54. Pacific Ltd  
55. Petroleum Importers Ltd  
56. Premium TAMA  
57. Press Corporation Plc  
58. Puma Energy Mw Ltd  
59. Rainbow Paints  
60. Raiply Mw Ltd  
61. RITZ Attorneys at Law  
62. Sable Farming  
63. Saile Financial Services  
64. Shayona Cement Corporation  
65. Sitbec Construction Ltd  
66. Skyband Corporation Ltd  
67. Southern Bottlers Ltd  
68. Steel Suppliers  
69. TATA Zambia Ltd  
70. Tea Association of Malawi  
71. Terrastone Ltd  
72. Total Malawi Ltd  
73. Toyota Malawi Ltd  
74. Twenty Third Century System  
75. United General Insurance  
76. Unitrans Malawi Ltd  
77. Valid Nutrition  
78. Vanguard Life Assurance  
79. Vizara Plantations Ltd  
80. Worldwide Wholesalers  
81. ZST Investments Ltd
Gold, Silve & Bronze Partners

**GOLD**

1. African Tobacco Services
2. AGS Lilongwe Ltd
3. Air Cargo Ltd
4. Anderson Engineering
5. Arkay Plastic Gold
6. Bakemans Confectionaries
7. Bata Shoe Company
8. Blantyre Hotels
9. Britam Insurance Co Ltd
10. Business Partner International
11. CDH Investment Bank
12. Eastern Produce Mw Ltd
13. Export Development Fund
14. Farmers Organisation Ltd
15. Healthy & Beauty care Pvt Ltd
16. FMB Bank
17. General Alliance Insurance
18. H. Adam Wholesalers & Direct Importers
19. I.F.A Membership
20. Malawi Stock Exchange
21. Medical Aid Society of Malawi
22. MUSSCO
23. Mzuzu Coffee Cooperative
24. Nali Ltd
25. People’s Trading Centre
26. Pharmanova Ltd
27. PG Glass
28. Polypack Ltd
29. Presscane Ltd
30. Serendib Hotels
31. Stuttafords International Removals
32. Sunbird Tourism Plc
33. Suncrest Creameries Ltd
34. Thofu Investment
35. Umodzi Consulting
36. Universal Industries Ltd
37. Warpack Pvt Ltd
38. Zenith Blankets

**SILVER**

1. Afrisian Ltd
2. Afrox Malawi Ltd
3. Agriculture Commodity Exchange
4. Allied Freight
5. Alliance One Tobacco
6. Associated Tobacco Co Ltd
7. AVIS Rent A Car
8. Bioclinical Partners
9. Bluezone Ltd
10. Cargo Management Logistics
11. Conforzi Plantations Ltd
12. Choonara Highway Emporium
13. Delta Construction Ltd
14. EKAS Investment
15. EK Tax Consultants
16. Equipment & Parts Suppliers Ltd
17. Farming & Engineering Services
18. Glens Mw Ltd
19. G4S
20. HTC Supplies
21. Ilala Creset Lodge
22. Kris Offset Screen Printers
23. KU Distributors
24. Lube Experts Ltd
25. Lunyangwa Mzuzu Hardware Cooperative
26. Malawi Bureau of Standards
27. Mothers Holding Ltd
28. NCBA CLUSA
29. Northworks Construction
30. Office World
31. Pharmacare Pharmacies
32. Prime Steel
33. Promat Ltd
34. Radio Exchange
35. Riverside Hotel
36. Road Transport Operators Association
37. Seed Company Malawi Ltd
38. Stansand (CA) Limited
39. Stansfield Motors Ltd
40. Stockbrokers Mw Ltd
41. TEM Ltd
42. TEVETA
43. Total Land Care
44. Transcom Sharaff
45. Transglobe Produce
46. Trucks & Car Breakers
47. United Purpose
48. Vitafoam
49. World Changers Building Contractors

**BRONZE**

1. AB Enterprise
2. Aero Plastics
3. Agrimal Ltd
4. ALCO Cables
5. Amani Industry Ltd
6. ADN Mw Ltd
7. Area 3 Lodge
8. AS Investment
9. Auhad Steel Manufacturing Company Ltd
10. Auto & General Dealers
11. Bridge Shipping
12. Baks Trading
13. Bowler Beverages
14. Burnas International
15. CEP Energy
Bronze Partners

16. Chitsime Drilling
17. CIC Insurance
18. Citrefine plantations Ltd
19. Deekay Suppliers
20. D & S Enterprises
21. Double M Motors
22. Dynachem
23. Easypack Limited
24. Electra Sales Ltd
25. Exide Batteries Limited
26. Fattani Offset Printers
27. Flexopack
28. Flowtech Limited
29. Gestetner Ltd
30. GLASSCO
31. Global Communities
32. Globe Metals & Mining
33. GM Plastic Industry
34. Graham Carr
35. Hisco Ltd
36. Horizon Health Ltd
37. Infosys Consult
38. Kabula Industrial Safety Specialists
39. Kwithu Kitchen
40. Kamit Industries
41. Kangawa Construction
42. Link Building Products
43. Loyal 2000 Limited
44. Macsteel Malawi Ltd
45. Malawi Reinsurance Company
46. Marsh Limited
47. Mercantile International
48. MM Operations
49. Multipack Industries
50. Multi Seed Company
51. Ninkawa
52. Northern Region Water Board
53. Nyalwanga Farm
54. Nyasa Manufacturing Company
55. OG plastic industries
56. Orient Travel & Tours Ltd
57. Ori Meat Products
58. Paramount Holdings Ltd
59. Royal Products Pvt Limited
60. Sana Cash & Carry
61. Sakuwa Steel
62. SGW Auctioneers & Estate Agents
63. Shamrock Supplies
64. Shire Ltd
65. Status Carpentry & General Trading
66. Sharma Industries
67. Smile Life Insurance
68. TAAI Construction
69. Tabhala
70. Trend setters
71. TROPHA Estates Ltd
72. Uncle Jose Import & Export
73. Venetian Blind Specialists/ Pipeco Ltd
74. WTM Chirwa & Associate
The financial performance for the Confederation remained strong and registered a revenue growth of 20 percent over the year 2017. A surplus of K39 million was retained during the year.

Total revenue of K487 million was generated during the year from K407 million in 2016. The major sources of revenue in 2017 were Annual membership subscription (K115.9 million), Lease Income (K161 million), Trade Promotion events (125.3 million) and Capacity building events for members (K15.7 million). Interest of K 9.7 million was also earned from investment of excess funds.

A total expenditure of K450 million was incurred during the year under review compared to K399 million during the year 2016 representing a growth of 12.8 percent which was within the annual average inflation for 2017 of 11.6 percent.

The financial position for the Confederation is anchored by K315 million in non-current assets. During the year a total of K 41.5 million was invested in the replacement of stacking conference chairs for the Chichiri Conference Centre Hall, a Motor vehicle and various other pieces of furniture and equipment.

The working capital of the Confederation was sound as measured by the current ratio of 178 percent compared to 121 percent in 2017.

The Audited Financial Statements for the year 2017 provides further details on the financial performance for the Confederation.
Financial Statements

- Statement of Councillors’ responsibilities
- Independent auditors’ report
- Statement of financial position
- Statement of comprehensive income and fund balances
- Statement of cash flows
- Notes to the financial statements
- Detailed Analysis of Administrative and Operational Expenditure Appendix I
Statement of Councillors’ Responsibilities

The Councillors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the affairs of the Confederation as at the end of the financial year and of the operating results for that period.

The Councillors are also responsible for ensuring that the Confederation keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Confederation.

In preparing the financial statements, the Councillors accept responsibility for the following:

• Maintenance of proper accounting records;
• Selection of suitable accounting policies and applying them consistently;
• Making judgments and estimates that are reasonable and prudent;
• Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements, and
• Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the Confederation will continue in business.

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

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

President: ..........................................................

Councillor: ..........................................................

March 2018
Independent Auditor’s Report

Chartered Accountants (Malawi)
Apex House
Kidney Crescent
PO Box 530
Blantyre, Malawi
 Tel: +265 1 876 476 / 870 367 / 878 092
Fax: +265 1 872 850 / 870 605

OPINION

We have audited the financial statements of the Malawi Confederation of Chambers of Commerce and Industry set out on pages 4 to 15 which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income and general fund balance and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Malawi Confederation of Chambers of Commerce and Industry as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Confederation in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

Other information consists of the Councillors’ statement of responsibilities but does not include the financial statements and our auditor’s report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE COUNCILLORS FOR THE FINANCIAL STATEMENTS

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs), and for such internal control as the Councillors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Confederation’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

- Conclude on the appropriateness of the Councillors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Confederation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Confederation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Accountants (Malawi)
Chiwemi Chihana
Registered practicing accountant
March 2018
Statement of financial position
as at 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td>2,662</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td>23,235</td>
</tr>
<tr>
<td>Prepayments</td>
<td></td>
<td>424</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td>118,565</td>
</tr>
<tr>
<td></td>
<td></td>
<td>144,886</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td></td>
<td>315,782</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>460,668</td>
</tr>
<tr>
<td><strong>Liabilities and fund balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>81,630</td>
</tr>
<tr>
<td>Deferred income</td>
<td></td>
<td>12,199</td>
</tr>
<tr>
<td></td>
<td></td>
<td>93,829</td>
</tr>
<tr>
<td><strong>Fund balance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund balance</td>
<td></td>
<td>366,839</td>
</tr>
<tr>
<td><strong>Total liabilities and fund balance</strong></td>
<td></td>
<td>460,668</td>
</tr>
</tbody>
</table>

The financial statements were approved for issue by the Councillors on 23 March 2017 and are signed on their behalf by:

President: .................................................................

Councillor: .................................................................

The notes on pages 32 to 40 form part of these financial statements,
Auditors’ report, page 27 and 28
Statement of comprehensive income and general fund balance  for the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members’ subscriptions</td>
<td>4</td>
<td>115,925</td>
</tr>
<tr>
<td>Malawi International Trade Fair</td>
<td>5</td>
<td>84,338</td>
</tr>
<tr>
<td>Hire of hall</td>
<td></td>
<td>53,955</td>
</tr>
<tr>
<td>Interest receivable</td>
<td></td>
<td>9,726</td>
</tr>
<tr>
<td>Certification and inspection fees</td>
<td>6</td>
<td>37,962</td>
</tr>
<tr>
<td>Advertisements</td>
<td></td>
<td>7,349</td>
</tr>
<tr>
<td>Specialised fairs</td>
<td>7</td>
<td>40,952</td>
</tr>
<tr>
<td>Evening Members Networking Meetings</td>
<td></td>
<td>4,380</td>
</tr>
<tr>
<td>Seminars and workshops fees</td>
<td></td>
<td>15,685</td>
</tr>
<tr>
<td>Other income</td>
<td>8</td>
<td>8,492</td>
</tr>
<tr>
<td>Rental income</td>
<td>9</td>
<td>107,272</td>
</tr>
<tr>
<td>Project Funding</td>
<td></td>
<td>1,265</td>
</tr>
<tr>
<td></td>
<td></td>
<td>487,301</td>
</tr>
<tr>
<td>Transfer from deferred income</td>
<td>14</td>
<td>1,525</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td></td>
<td>488,826</td>
</tr>
</tbody>
</table>

| Appendix | 449,786 | (398,884) |

Surplus for the year
General fund balance at 1 January 2017
General fund balance at 31 December 2017

The notes on pages 32 to 40 form part of these financial statements,
Auditors’ report, page 27 and 28
## Statement of cash flows

**for the year ended 31 December 2017**

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus for the year</td>
<td>39,040</td>
<td>10,194</td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>50,249</td>
<td>44,946</td>
</tr>
<tr>
<td>Profit on sale of property, plant and equipment</td>
<td>(97)</td>
<td>(1,033)</td>
</tr>
<tr>
<td>Transfer from deferred income</td>
<td>(1,525)</td>
<td>(1,715)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(9,726)</td>
<td>(5,780)</td>
</tr>
<tr>
<td><strong>Operating surplus before working capital changes</strong></td>
<td>77,941</td>
<td>46,612</td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
<td>(5,861)</td>
<td>(4,909)</td>
</tr>
<tr>
<td>Decrease / (increase) in prepayments</td>
<td>9,124</td>
<td>(915)</td>
</tr>
<tr>
<td>Decrease / (increase) in inventories</td>
<td>2,059</td>
<td>(1,337)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>532</td>
<td>15,640</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>83,795</td>
<td>55,091</td>
</tr>
</tbody>
</table>

### Investing activities

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(41,542)</td>
<td>(104,712)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>9,726</td>
<td>5,780</td>
</tr>
<tr>
<td>Proceeds on disposal of property, plant and equipment</td>
<td>173</td>
<td>4,233</td>
</tr>
<tr>
<td><strong>Net cash utilised in investing activities</strong></td>
<td>(31,643)</td>
<td>(94,699)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net increase / (decrease) in cash and cash equivalents</strong></td>
<td>52,152</td>
<td>(39,608)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January 2017</td>
<td>66,413</td>
<td>106,021</td>
</tr>
<tr>
<td>Cash and cash equivalents as at 31 December 2017</td>
<td>118,565</td>
<td>66,413</td>
</tr>
</tbody>
</table>

The notes on pages 32 to 40 form part of these financial statements, Auditors’ report, page 27 and 28.
Notes to the financial statements

for the year ended 31 December 2017

1 General information

The Malawi Confederation of Chambers of Commerce and Industry, whose principal business is that of lobbying and advocacy for a conducive business environment in Malawi on behalf of its membership, was registered in Malawi under the Trustees Incorporation Act on 18 January 1965 and its registered office is at Chichiri Trade Fair Grounds in Blantyre.

2 The principal accounting policies applied in the preparation of these financial statements are set out below and these policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Confederation have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. The financial statements are presented in Malawi Kwacha which is the Confederation’s functional and presentation currency.

2.2 Summary of significant accounting policies

2.2.1 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or impairment losses, if any. When significant parts of property, plant and equipment are replaced, the Confederation recognises such parts as individual assets with specific useful lives and depreciation respectively. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation on fixed assets is calculated on a straight line basis at rates that will reduce book amounts to estimated residual values over the estimated useful lives of the assets as follows:

- Buildings 2%
- Furniture and equipment 10%
- Computer equipment 33.33%
- Motor vehicles 20%

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition is recognised in the income statement in the year of de-recognition.

The assets’ residual values, useful lives and methods of depreciation are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount recognised within “other (losses)/gains – net” in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Notes to the financial statements continued on page 33,
Auditors’ report, page 27 and 28
2.2 Summary of significant accounting policies (continued)

2.2.2. Impairment of non-financial assets

The Confederation assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, or when an annual impairment testing for an asset is required, the Confederation estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, by recognition of an impairment loss in profit or loss in the income statement.

2.2.3. Foreign currency translation

Transactions in foreign currencies are initially recorded at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Differences arising on settlement or translations of monetary items are recognised in income or loss.

2.2.4. Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

2.2.5. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first in first out method.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.2.6. Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, if not, they are presented as noncurrent assets. Provision is made for trade receivables impairment based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified. Impairment is calculated using the present value of expected future cash flows.

2.2.7. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and short-term deposits with an original maturity period of three months or less and bank overdrafts.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.
2.2 Summary of significant accounting policies (continued)

2.2.8. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.2.9. Provisions

Provisions are recognised when the Confederation has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement.

2.2.10. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets of the arrangement conveys a right to use the asset even if that right is not explicitly specified in the arrangement.

Confederation as a Lessee

Finance leases, which transfer to the Confederation substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement. A leased asset is depreciated over the useful life of the asset, however if there is no reasonable certainty that the Confederation will obtain ownership by the end of the lease term, the capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Confederation as a Lessor

Leases in which the Confederation does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.
Notes to the financial statements
for the year ended 31 December 2017

2.2 Summary of significant accounting policies (continued)

2.2.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Confederation and the revenue can be reliably measured regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding value added tax. The Confederation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Confederation has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised.

Member’s subscriptions

Subscriptions from the Confederation’s members are accounted for on receipt basis. Membership is determined on receipt of the subscriptions.

Rental income

Rental income represents the invoiced amount of rent receivable excluding value added tax (VAT) and arises from operating leases on office buildings’ space and is accounted for on a straight line basis over the lease terms and included in revenue due to its operating nature.

Rendering services

Revenue from certification, hire of conference centre and trade fair is recognised to the extent to which services are rendered.

2.2.13 Taxes

Value added tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

• When the value added tax incurred on a purchase of assets or services is not recoverable, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

• Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from or payable to Malawi Revenue Authority is included as part of receivables or payables in the statement of financial position.

2.2.14 Employee benefits

Pension obligations

Eligible employees are required to participate in the Confederation’s defined contribution pension fund. The Confederation’s contributions are recognised as expense in the statement of comprehensive income as the liability arises. Once the contributions have been paid, the Confederation has no further payment obligations.
Notes to the financial statements
for the year ended 31 December 2017

2.2 Summary of significant accounting policies (continued)

2.2.15 Donations

Donations relating to property, plant and equipment are recognised at fair value as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset upon meeting all the recognition criteria. Any other donations are recognised in profit or loss upon receipt of the donations that meet all recognition criteria.

2.2.16 Government grants

Grants from the government are recognised at their fair value in profit or loss where there is reasonable assurance that the grant will be received and the Confederation has complied with all attached conditions. Grants received where the Confederation has yet to comply with the attached conditions are recognised as a liability (and included in deferred income) and released to income when all attached conditions have been complied with. Government grants received are included in other income in the profit or loss.

3 Significant accounting judgements, estimates and assumptions

Judgements

In the process of applying the Confederation’s accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

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

Property, plant and equipment

Management has made an estimate of the useful life and residual value of depreciable assets. Residual value estimates are based on comparison with similar assets in the expected condition of the assets at the end of their useful lives. Due to the estimates and assumptions of the condition of the assets at the end of their useful life and the useful life itself residual values and useful lives are subject to uncertainty.
## Notes to the financial statements

**for the year ended 31 December 2017**

### 4 Members’ subscriptions

Membership subscription fees during the year were as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Members</th>
<th>Total K'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium</td>
<td>25</td>
<td>31,000</td>
</tr>
<tr>
<td>Platinum</td>
<td>80</td>
<td>48,000</td>
</tr>
<tr>
<td>Gold</td>
<td>38</td>
<td>15,300</td>
</tr>
<tr>
<td>Silver</td>
<td>46</td>
<td>13,800</td>
</tr>
<tr>
<td>Bronze</td>
<td>76</td>
<td>7,825</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>265</strong></td>
<td><strong>115,925</strong></td>
</tr>
</tbody>
</table>

### 5 Malawi International Trade Fair

<table>
<thead>
<tr>
<th></th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation fees - local</td>
<td>55,923</td>
<td>42,213</td>
</tr>
<tr>
<td>- International</td>
<td>7,254</td>
<td>16,611</td>
</tr>
<tr>
<td>Sale of entrance tickets</td>
<td>19,666</td>
<td>15,383</td>
</tr>
<tr>
<td>Exhibitors’ card and administration fees</td>
<td>1,495</td>
<td>1,413</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>84,338</strong></td>
<td><strong>75,620</strong></td>
</tr>
</tbody>
</table>

### 6 Certification and inspection

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate of origin</td>
<td>14,945</td>
<td>8,508</td>
</tr>
<tr>
<td>COMESA forms</td>
<td>10,395</td>
<td>7,797</td>
</tr>
<tr>
<td>GSP forms</td>
<td>11,330</td>
<td>6,973</td>
</tr>
<tr>
<td>India Certificates</td>
<td>1,292</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>37,962</strong></td>
<td><strong>23,276</strong></td>
</tr>
</tbody>
</table>

### 7 Specialised fairs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lilongwe Trade Fair</td>
<td>10,154</td>
<td>8,709</td>
</tr>
<tr>
<td>Mzuzu Trade Fair</td>
<td>3,300</td>
<td>2,205</td>
</tr>
<tr>
<td>National Agriculture Fair</td>
<td>27,498</td>
<td>19,818</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>40,952</strong></td>
<td><strong>30,732</strong></td>
</tr>
</tbody>
</table>

---

Notes to the financial statements continued on page 38, Auditors’ report, page 27 and 28
# Notes to the financial statements

*for the year ended 31 December 2017*

## 8 Other income

<table>
<thead>
<tr>
<th></th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance claims</td>
<td>–</td>
<td>26</td>
</tr>
<tr>
<td>Profit on disposal of fixed assets</td>
<td>117</td>
<td>1,033</td>
</tr>
<tr>
<td>Magazine advertisement</td>
<td>–</td>
<td>1,375</td>
</tr>
<tr>
<td>Sundry income</td>
<td>6,507</td>
<td>5,031</td>
</tr>
<tr>
<td>Secretarial services</td>
<td>–</td>
<td>440</td>
</tr>
<tr>
<td>Bad debts recovered</td>
<td>1,560</td>
<td>590</td>
</tr>
<tr>
<td>Exchange rate gain</td>
<td>19</td>
<td>1,331</td>
</tr>
<tr>
<td>Secretarial services</td>
<td>289</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,492</strong></td>
<td><strong>9,826</strong></td>
</tr>
</tbody>
</table>

## 9 Rental income

<table>
<thead>
<tr>
<th></th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent of trade fair stands</td>
<td>63,422</td>
<td>51,337</td>
</tr>
<tr>
<td>Rent of offices</td>
<td>16,697</td>
<td>12,970</td>
</tr>
<tr>
<td>Ground rentals</td>
<td>17,050</td>
<td>13,818</td>
</tr>
<tr>
<td>Hire of furniture and equipment</td>
<td>10,103</td>
<td>9,729</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>107,272</strong></td>
<td><strong>87,854</strong></td>
</tr>
</tbody>
</table>

## 10 Accounts receivable

<table>
<thead>
<tr>
<th></th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts receivable</td>
<td>15,659</td>
<td>14,334</td>
</tr>
<tr>
<td>Provision for impairment</td>
<td>(3,280)</td>
<td>(4,033)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,379</strong></td>
<td><strong>10,301</strong></td>
</tr>
<tr>
<td>Staff loans</td>
<td>2,849</td>
<td>327</td>
</tr>
<tr>
<td>Tax Refunds</td>
<td>8,007</td>
<td>6,746</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23,235</strong></td>
<td><strong>17,374</strong></td>
</tr>
</tbody>
</table>

## 11 Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank of Malawi Limited - current accounts</td>
<td>30,509</td>
<td>25,199</td>
</tr>
<tr>
<td>NBS Bank - current account</td>
<td>244</td>
<td>2,687</td>
</tr>
<tr>
<td>Petty cash</td>
<td>1,873</td>
<td>2,453</td>
</tr>
<tr>
<td>Deposit accounts</td>
<td>85,939</td>
<td>36,074</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>118,565</strong></td>
<td><strong>66,413</strong></td>
</tr>
</tbody>
</table>

*Notes to the financial statements continued on page 39,
Auditors' report, page 27 and 28*
11 Cash and cash equivalents (Continued)

Deposit accounts are made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>K'000</td>
<td>K'000</td>
</tr>
<tr>
<td>Investment account held with CDH</td>
<td>17,259</td>
<td>-</td>
</tr>
<tr>
<td>Fixed deposit accounts with National Bank of Malawi</td>
<td>23,047</td>
<td>36,074</td>
</tr>
<tr>
<td>Fixed deposit accounts with FDH Bank Limited</td>
<td>24,310</td>
<td>-</td>
</tr>
<tr>
<td>Fixed deposit accounts with Eco Bank Limited</td>
<td>21,323</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85,939</strong></td>
<td><strong>36,074</strong></td>
</tr>
</tbody>
</table>

The interest rates on the deposit accounts ranged between 8.5% per annum and 23% per annum as at 31 December 2017 (2016 – 20% to 23%).

12 Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings</th>
<th>Furniture and equipment</th>
<th>Motor vehicles</th>
<th>Work In Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>K’000</td>
<td>K’000</td>
<td>K’000</td>
<td>K’000</td>
<td>K’000</td>
</tr>
<tr>
<td><strong>Cost or valuation</strong></td>
<td><strong>At 1 January 2017</strong></td>
<td><strong>235,971</strong></td>
<td><strong>83,139</strong></td>
<td><strong>149,259</strong></td>
<td><strong>468,369</strong></td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td><strong>25,158</strong></td>
<td><strong>15,362</strong></td>
<td><strong>1,022</strong></td>
<td><strong>41,542</strong></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(788)</td>
<td>-</td>
<td>-</td>
<td>(788)</td>
</tr>
<tr>
<td><strong>At 31 December 2017</strong></td>
<td><strong>235,971</strong></td>
<td><strong>107,509</strong></td>
<td><strong>164,621</strong></td>
<td><strong>1,022</strong></td>
<td><strong>509,123</strong></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td><strong>Balance at 1 January 2017</strong></td>
<td><strong>45,501</strong></td>
<td><strong>56,514</strong></td>
<td><strong>41,789</strong></td>
<td><strong>143,804</strong></td>
</tr>
<tr>
<td>Charge for the year</td>
<td><strong>9,334</strong></td>
<td><strong>13,618</strong></td>
<td><strong>27,297</strong></td>
<td>-</td>
<td><strong>50,249</strong></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(712)</td>
<td>-</td>
<td>-</td>
<td>(712)</td>
</tr>
<tr>
<td><strong>At 31 December 2017</strong></td>
<td><strong>54,835</strong></td>
<td><strong>69,420</strong></td>
<td><strong>69,086</strong></td>
<td>-</td>
<td><strong>193,341</strong></td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td><strong>At 31 December 2017</strong></td>
<td><strong>181,136</strong></td>
<td><strong>38,089</strong></td>
<td><strong>95,535</strong></td>
<td><strong>315,782</strong></td>
</tr>
<tr>
<td></td>
<td><strong>At 31 December 2016</strong></td>
<td><strong>190,470</strong></td>
<td><strong>26,625</strong></td>
<td><strong>107,470</strong></td>
<td><strong>324,565</strong></td>
</tr>
</tbody>
</table>
Notes to the financial statements
for the year ended 31 December 2017

13 Accounts payable

<table>
<thead>
<tr>
<th></th>
<th>2017 K’000</th>
<th>2016 K’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts payable</td>
<td>2,852</td>
<td>7,095</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>10,929</td>
<td>8,243</td>
</tr>
<tr>
<td>Accruals and sundry payables</td>
<td>19,353</td>
<td>10,877</td>
</tr>
<tr>
<td>Advance receipts (deferred revenue)</td>
<td>39,352</td>
<td>50,103</td>
</tr>
<tr>
<td>Social and other taxes payable</td>
<td>9,144</td>
<td>4,780</td>
</tr>
<tr>
<td></td>
<td><strong>81,630</strong></td>
<td><strong>81,098</strong></td>
</tr>
</tbody>
</table>

14 Deferred income

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the year</td>
<td>13,724</td>
<td>15,439</td>
</tr>
<tr>
<td>Transfer to income during the year</td>
<td>(1,525)</td>
<td>(1,715)</td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td><strong>12,199</strong></td>
<td><strong>13,724</strong></td>
</tr>
</tbody>
</table>

Deferred income relates to donated items of property plant and equipment net of accumulated amortisation to the statement of comprehensive income.

15 Income tax

The Confederation is exempt from income tax in terms of paragraph b (iii) of the First Schedule of the Taxation Act.

16 Contingent liabilities

The contingent liabilities at the year-end related to litigation and other claims against the Confederation arising from ordinary operations. The Councillors have assessed that the impact will not be significant.

17 Capital commitments

Outstanding capital commitments as at 31 December 2017 amounted to K147 million. Council expects to finance these capital commitments using grants from development partners.

18 Events after the reporting date

The Malawi Kwacha depreciated relative to other major foreign trading currencies subsequent to the reporting date and the exchange differences arising will be reflected in the financial statements for the year ending 31 December 2017.
## Detailed analysis of administrative and operational expenditure

### Appendix 1

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising expenses</td>
<td>350</td>
<td>255</td>
</tr>
<tr>
<td>Annual General Meeting</td>
<td>3,175</td>
<td>3,894</td>
</tr>
<tr>
<td>Auditors remuneration - current year</td>
<td>8,000</td>
<td>5,000</td>
</tr>
<tr>
<td>- under provision in prior year</td>
<td>125</td>
<td>333</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,167</td>
<td>1,263</td>
</tr>
<tr>
<td>Business dinners and luncheon expenses</td>
<td>3,207</td>
<td>3,213</td>
</tr>
<tr>
<td>Chichiri Conference Centre Hall - direct expenses</td>
<td>16,004</td>
<td>14,713</td>
</tr>
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## Detailed analysis of administrative and operational expenditure

### Appendix 1 (Continued)

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<td><strong>Total</strong></td>
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<td><strong>398,884</strong></td>
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