

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

FINANCIAL STATEMENTS

30 JUNE 2012

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

**STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2012**

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

They are also required to ensure 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 the relevant legislation.

In preparing the financial statements the Board of Governors accept responsibility for the following:

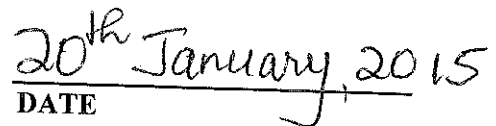
- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures 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 operation.

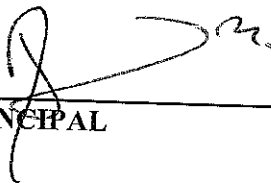
The Board of Governors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the College and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

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

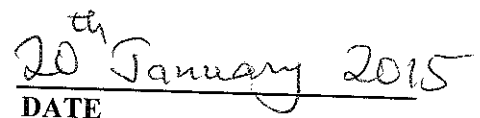


CHAIRPERSON


DATE



PRINCIPAL


DATE



AUDITOR'S REPORT

**TO THE BOARD OF GOVERNORS OF
MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY**

**ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

We have audited the accompanying financial statements of Mulanje Mission College of Nursing, which comprise the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Basis for qualified opinion

No residual values for property, plant and equipment were considered in arriving at the depreciable amounts for the year. There was also no annual assessments of the economic useful lives of the property, plant and equipment as at 30 June 2013 as is required by International Accounting Standard 16, *property, plant and equipment*. Consequently we have been unable to satisfy ourselves on the carrying amounts of the property, plant and equipment at 30 June 2013.

We could not satisfy ourselves as to the correctness of opening balances since the previous years financial statements from 2005 to 2011 were not audited.

Qualified opinion

In our opinion, except for the effects of matters described in the basis for qualified opinion paragraphs, the financial statements give a true and fair value of the financial position of Mulanje Mission - College of Nursing and Midwifery as of 30 June 2012, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Title deeds for the properties recorded in these financial statements have not been verified.

Graham Carr

GRAHAM CARR
28 January 2015

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

| | Page | 2012 Budget K | 2012 Actual K |
|--------------------------------|------|---------------------|---------------------|
| Income | | | |
| Fees | 17 | 51,795,000 | 55,907,216 |
| Grants | 17 | 27,846,358 | 23,329,103 |
| Donations | 17 | 1,000,000 | 647,291 |
| Other income | 17 | 2,142,950 | 2,926,083 |
| Total income | | <u>82,784,308</u> | <u>82,809,694</u> |
| Expenditure | | | |
| Salaries and benefits | 18 | 34,855,358 | 34,097,772 |
| Students and academic expenses | 18 | 21,915,300 | 21,915,300 |
| General administration | 19 | 16,910,875 | 17,895,666 |
| Repairs and maintenance | 20 | 2,170,000 | 2,274,958 |
| Transport and travel | 20 | 4,275,000 | 4,432,630 |
| Total expenditure | | <u>80,126,533</u> | <u>80,616,326</u> |
| Surplus for the year | | <u>(2,657,775)</u> | <u>2,193,368</u> |

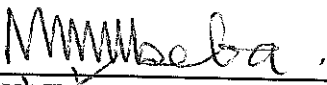
*The notes on pages 8 to 16 form part of these financial statements
Auditor's Report - Pages 2 and 3*

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

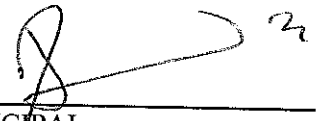
**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

| | Note | | 2012 K |
|------------------------------------|------|-------------------|--------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | | 149,813,889 |
| Current assets | | | |
| Inventories | 5 | 1,720,905 | |
| Receivables | 6 | 32,205,108 | |
| Cash and cash equivalents | 7 | 993,907 | |
| Total current assets | | <u>34,919,920</u> | |
| Total assets | | | <u>184,733,809</u> |
| FUNDS AND LIABILITIES | | | |
| Funds | | | |
| Capital fund | | 149,813,889 | |
| Accumulated fund | | <u>30,419,465</u> | |
| Total funds | | | <u>180,233,354</u> |
| Current liabilities | | | |
| Payables | 8 | 2,462,960 | |
| Overdraft | 7 | <u>2,037,495</u> | |
| Total current liabilities | | | <u>4,500,455</u> |
| Total funds and liabilities | | | <u>184,733,809</u> |

The financial statements were authorised for issue by the Synod Health Board on 20 January 2015 and signed on its behalf by :



CHAIRPERSON



PRINCIPAL

*The notes on pages 8 to 16 form part of these financial statement
Auditor's Report - Pages 2 and 3*

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

**STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2012**

| | Capital fund K | General fund K | Total K |
|---------------------------------------|-------------------------------|-------------------------------|--------------------|
| Balance as at 1 July 2011 | 125,340,362 | 22,973,619 | 148,313,981 |
| Additions | 29,966,005 | - | 29,966,005 |
| Disposals | (600,000) | - | (600,000) |
| Accumulated depreciation on disposals | 360,000 | - | 360,000 |
| Depreciation | (5,252,478) | 5,252,478 | - |
| Surplus for the year | - | 2,193,368 | 2,193,368 |
| | <hr/> | <hr/> | <hr/> |
| Balance as at 30 June 2012 | 149,813,889 | 30,419,465 | 180,233,354 |

*The notes on pages 8 to 16 form part of these financial statements
Auditor's Report - Pages 2 and 3*

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

| | Notes | 2012 K |
|---|-------|---------------------------|
| Cash flows from operating activities | | |
| Surplus for the year | | 2,193,368 |
| Adjustments for: | | |
| Interest received | | <u>(261,427)</u> |
| | | 1,931,941 |
| Movements in working capital | | |
| Decrease in inventories | | (1,720,905) |
| Increase in receivables | | (32,205,108) |
| Increase in payables | | <u>2,462,960</u> |
| Cash flows used in operating activities | | <u>(29,531,112)</u> |
| Cash flows from investing activities | | |
| Interest received | | <u>261,427</u> |
| Cash flows from financing activities | | |
| General fund opening | | <u>11,712,186</u> |
| Decrease in cash and cash equivalents | | (17,557,499) |
| Cash and cash equivalents at the beginning of financial year | | <u>11,261,433</u> |
| Cash and cash equivalents at the end of the financial year | | <u><u>(6,296,066)</u></u> |

*The notes on pages 8 to 16 form part of these financial statements
Auditor's Report - Pages 2 and 3*

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2012

1 GENERAL INFORMATION

The College of Nursing and Midwifery was established in 1950 by the Blantyre Synod of the Church of Central African Presbyterian (CCAP) as a school of midwifery. In 2002, the school of midwifery was changed to a full fledged nursing school offering both nursing and midwifery courses. In 2004, it was recognised as a college by Christian Health Association of Malawi (CHAM) in recognition of high level education offered.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

2.1 Standards and interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have had no effect on the amounts reported.

| | |
|--|---|
| Amendments to IAS 1 <i>Presentation of Financial Statements</i> (as part of <i>Improvements to IFRSs</i> issued in 2010) | The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. |
| IAS 24 (revised in 2009) | IAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government- related entities. |
| Amendments to IFRS 7 | <i>Disclosures - Transfers of Financial Assets</i> effective for annual periods beginning on or after 1 July 2011. |

2.2 Standards and Interpretations in issue not yet adopted

The College has not applied the following new and revised IFRSs that have been issued but are not yet effective:

| | |
|-----------------------------|--|
| IFRS 9 (as amended in 2010) | <i>Financial Instruments</i> effective for annual periods beginning on or after 1 January 2013. IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. |
|-----------------------------|--|

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2012

3 ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied in all material respects.

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the provisions of the International Financial Reporting Standards

3.3 Grants

Government subventions are recognised when there is reasonable assurance that the college will comply with the conditions attaching to them and that the subventions will be received.

Government subventions are taken to income over the period (s) necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

3.4 Donations

Donations are taken into account in the period they are received.

Donations in kind are brought into the financial statements at their estimated value.

3.5 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, determination from market-based evidence by appraisal undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense of the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of the asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated profits.

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

3.5 Property, plant and equipment

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the hospital's policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

| | |
|----------------|----------|
| Buildings | 40 years |
| Motor vehicles | 5 years |
| Equipment | 10 years |

3.6 Impairment of assets

The carrying amounts of the College's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exist, the assets receivable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

At each balance sheet date, the College reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised 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.

3.7 Inventories

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

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2012

3.7 Inventory grants

Inventories donated or purchased with donor funds are consumed over the period. Accordingly the value of these inventories are credited to an inventory grant and amortised to the statement of income and expenditure.

3.8 Financial instruments

The term financial instruments includes financial assets and financial liabilities. These are initially recognised at cost, which is the fair value of the consideration paid or received to acquire the asset or liability, respectively. Subsequent to initial recognition all financial assets are measured at fair value except for the hospital's originated loans and receivables (not held for trading), held to maturity investments and other financial assets whose fair value cannot be reliably measured. Where these assets have a fixed maturity, they are measured at amortised cost using the effective interest rate method. Those that do not have a fixed maturity are measured at cost less, where applicable, provision for permanent diminution in value.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Bank balances and cash comprise cash on hand and demand deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are measured at fair value.

3.9 Financial assets

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

Financial assets are classified into as financial assets as at fair value through profit or loss (FVPL). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or where appropriate, a shorter period.

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

**NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012**

3.9 Financial assets

Financial assets at FVPL

Financial assets are classified as at FVPL where the financial asset is either held for trading or it is designated as at FVPL.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon recognition if:

Such designation eliminated or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

Financial assets at FVPL

The financial asset forms part of a group of financial assets or financial liabilities or both which is managed and its performance is evaluated on a fair value basis, in accordance with the hospital's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVPL.

Financial assets at FVPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporated interest earned on the financial asset.

3.10 Financial liabilities

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

Financial liabilities at FVTPL

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

Other financial liabilities

Other financial liabilities (including borrowings) are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the college's obligations are discharged, cancelled or they expire.

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2012

3.11 Foreign currencies

Transactions in currencies other than Malawi Kwacha are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when their fair value was determined.

Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where changes in fair value are recognised directly in equity.

3.12 Pension fund

The college operates a non-contributing, defined contribution pension scheme, through INDETRUST Limited for the benefit of its permanent employees. CHAM Contributions are charged to the income statement.

3.13 Provisions

Provisions are recognised when the college has a present obligation (legal or constructive) as a result of a past event, it is probable that the college will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, 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.

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

3.14 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the accounting policies

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

Key sources of estimation of uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are valuation of land and buildings, useful lives of plant and equipment and severance allowance provision.

3.12 Capital fund

The capital fund represents the cost/valuation of property, plant and equipment assets less depreciation to date.

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)

4 PROPERTY, PLANT AND EQUIPMENT

| | College Buildings MK | Staff Houses MK | Motor Vehicles MK | Office Equipment MK | Furniture & Equipment MK | Other Assets MK | Total MK |
|------------------------|----------------------------|-----------------------|-------------------------|---------------------------|--------------------------------|-----------------------|--------------------|
| Cost/Valuation | | | | | | | |
| As at 01.07.2011 | 99,041,868 | 20,984,542 | 16,879,800 | 7,282,851 | 4,539,926 | 4,872,609 | 153,601,596 |
| Valuation | 11,348,386 | 4,944,056 | (4,379,800) | (680,830) | 2,490,753 | (4,872,609) | 8,849,956 |
| Additions | - | 28,000,000 | - | - | - | 1,966,005 | 29,966,005 |
| Disposals | - | - | (600,000) | - | - | - | (600,000) |
| As at 30.06.2012 | <u>110,390,254</u> | <u>53,928,598</u> | <u>11,900,000</u> | <u>6,602,021</u> | <u>7,030,679</u> | <u>1,966,005</u> | <u>191,817,557</u> |
| Depreciation | | | | | | | |
| As at 01.07.2011 | 7,741,345 | 1,599,766 | 5,373,632 | 1,918,920 | 1,318,676 | 607,315 | 18,559,654 |
| Valuation | 11,639,773 | 740,910 | 6,886,368 | (913,021) | 804,821 | (607,315) | 18,551,536 |
| Charge for the year | 2,460,854 | 1,348,215 | - | 654,172 | 592,636 | 196,601 | 5,252,478 |
| Disposals | - | - | (360,000) | - | - | - | (360,000) |
| As at 30.06.2012 | <u>21,841,972</u> | <u>3,688,891</u> | <u>11,900,000</u> | <u>1,660,071</u> | <u>2,716,133</u> | <u>196,601</u> | <u>42,003,668</u> |
| Carrying amount | | | | | | | |
| As at 30.06.2012 | <u>88,548,282</u> | <u>50,239,707</u> | <u>-</u> | <u>4,941,950</u> | <u>4,314,546</u> | <u>1,769,404</u> | <u>149,813,889</u> |
| As at 30.06.2011 | <u>91,300,523</u> | <u>19,384,776</u> | <u>11,506,168</u> | <u>5,363,931</u> | <u>3,221,250</u> | <u>-</u> | <u>135,041,942</u> |

5 INVENTORIES

| | |
|----------------|------------------|
| General stocks | 2012 MK |
| | <u>1,720,905</u> |

6 RECEIVABLES

| | |
|--------------------------|-------------------|
| Receivables | 31,601,300 |
| Staff advances | 259,808 |
| Prepayment | 344,000 |
| Total receivables | <u>32,205,108</u> |

7 CASH AND CASH EQUIVALENTS

| | |
|--|--------------------|
| National Bank current account - main | 838,768 |
| CDH Treasury | 155,139 |
| | <u>993,907</u> |
| Overdraft | |
| National Bank current account - HIPC | (1,309,596) |
| National Bank current account - salaries | (727,329) |
| Petty cash | (570) |
| | <u>(2,037,495)</u> |
| Total cash and cash equivalents as shown on the statement of cash flows | <u>(1,043,588)</u> |

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

| | 2012 |
|-----------------------|------------------|
| | MK |
| 8 PAYABLES | |
| Payables | 729,327 |
| Deferred donations | 312,778 |
| PAYE control | 15,618 |
| Withholding tax | 19,624 |
| Accruals | 1,385,613 |
| Total payables | <u>2,462,960</u> |

9 FINANCIAL RISK MANAGEMENT

a) Introduction and overview

The College has exposure to credit risk from its use of financial instruments.

This note presents information about the College's exposure to credit risk and the College's objectives, policies and processes for measuring and managing the risk.

b) Risk Management framework

The Board of Governors has overall responsibility for the establishment and oversight of the College's risk management framework. The Board is responsible for developing and monitoring College's risk management policies in their specified areas.

The College's risk management policies are established to identify and analyse the risk faced by the College, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered. The College through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board is responsible for monitoring compliance with the College's management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the College.

c) Credit Risk

Credit risk is the risk of financial loss to the College if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the College's trade

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

d) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at reasonable cost.

Liquidity risk arises mainly from the College's trade payables.

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2012

e) Capital risk management

The College's objectives when managing capital are to safeguard the College's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure. The College's overall strategy remains unchanged from 2011.

The College's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in its operations,
- to maintain financial strength to support new business growth,
- to satisfy the requirements of its stakeholders,
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets,
- to allocate funds efficiently to support growth, and
- to minimise exposures to movements in exchange rates.

In order to maintain or adjust the capital structure, the College's may adjust its level of operations to put in check on expenditure

10 REVENUE AND EXPENDITURE

The College's revenue and expenditure includes amounts relating to Mulanje Mission Nursing School staff salaries and wages funded by the Christian Health Association of Malawi.

11 GOING CONCERN

The college receives funding for tuition from the Malawi Government (Ministry of Health). The Government has pledged continued funding to the college.

The ability of the college to continue as a going concern is dependent on continued support from the proprietor, other donors, and increased intake of students.

12 CAPITAL COMMITMENTS

There is a capital commitment of K327,000 (2011 : nil).

13 CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2012 (2011: Nil)

14 POST BALANCE SHEET EVENTS

Subsequent to the reporting date, no events have occurred necessitating adjustments to or disclosures in the financial statements.

15 EXCHANGE RATES AND INFLATION

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

| | 2012 |
|----------------|-------------|
| | K |
| Kwacha/GBP | 431.22 |
| Kwacha/USD | 275.93 |
| Kwacha/Rand | 33.33 |
| Inflation Rate | 18% |

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

DETAILED INCOME STATEMENT
FOR YEAR ENDED 30 JUNE 2012

| INCOME | 2012 |
|--|--------------------------|
| Fees | K |
| Fees - students contribution | 7,109,614 |
| Fees - student MoH grants | 40,247,602 |
| Fees - student PEPFAR grants | 8,550,000 |
| Total fees | <u><u>55,907,216</u></u> |
| Grants | |
| CHAM - basic salaries | 18,942,283 |
| CHAM - special medical allowance | 152,700 |
| CHAM - professional allowance | 127,200 |
| CHAM - top-up allowance | 2,168,484 |
| CHAM - pension | 1,532,936 |
| CHAM - leave grant | 405,500 |
| Total grants | <u><u>23,329,103</u></u> |
| Donations in kind | |
| CHAM -Hepatitis B | 627,222 |
| Mulanje Mission Hospital -Examination Latex gloves | 12,569 |
| Mulanje Mission Hospital -Surgical gloves | 7,500 |
| Total donations in kind - general | <u><u>647,291</u></u> |
| Other income | |
| Guest wing and hall income | 298,500 |
| Staff houses - rent received | 57,600 |
| Interview fee - students | 995,000 |
| NICO administration fees | 8,865 |
| Vehicle hire | 47,000 |
| Sundry income - others | 773,121 |
| Interest received - bank | 104,394 |
| Interest received - investment | 157,034 |
| Proceeds on sale of non current assets | 484,570 |
| Total other income | <u><u>2,926,083</u></u> |

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

DETAILED EXPENDITURE STATEMENT
FOR YEAR ENDED 30 JUNE 2012

| | 2012 |
|---|--------------------------|
| SALARIES AND BENEFITS | K |
| Basic salary | 20,953,419 |
| Incentive allowance | 6,909,110 |
| Special medical allowance | 189,500 |
| Professional allowance | 159,500 |
| Top-up allowance | 3,318,861 |
| Pension contribution | 1,532,936 |
| Leave grant | 412,500 |
| Casual labour wages | 55,066 |
| Overtime | 154,661 |
| Staff welfare | 150,000 |
| School bursary fund | 10,500 |
| Medical bills - OPD/Admission staff | 251,719 |
| Total salaries and benefits | <u><u>34,097,772</u></u> |
| | |
| STUDENTS AND ACADEMIC EXPENSES | |
| Students sports and recreation | 21,090 |
| Medical bills - students | 345,957 |
| Interview costs - students | 853,886 |
| Students' food | 12,306,221 |
| Clinical placements - community | 22,014 |
| Students union/welfare | 5,421 |
| Students teaching and learning equipment | 2,980,546 |
| Clinical placements - health centre | 667,661 |
| Clinical placements - psychiatric | 1,663,520 |
| Clinical placements - District | 941,340 |
| Supervision costs | 418,700 |
| Academic casual wages - guest tutors | 155,000 |
| OSCE and check off | 474,890 |
| Modulation and marking | 442,162 |
| Students graduation | 350,392 |
| Exams and registration | 266,500 |
| Total students and academic expenses | <u><u>21,915,300</u></u> |

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

DETAILED EXPENDITURE STATEMENT
FOR YEAR ENDED 30 JUNE 2012

| GENERAL ADMINISTRATION EXPENSES AND OVERHEADS | 2012 K |
|---|--------------------------|
| Training | |
| Training - travelling and accomodation costs | 59,240 |
| Utittities | |
| Electricity | 1,541,445 |
| Water charges | 1,370,149 |
| Sanitation and cleaning | |
| Sanitation and cleaning materials | 704,267 |
| Sanitation and cleaning - pest control | 20,498 |
| Other oveheads | |
| Stationery | 1,225,307 |
| Advertisement and staff recruitment | 371,050 |
| Bad debts | 93,000 |
| Rent payable | 1,389,600 |
| Heating and lighting | 293,517 |
| Communications | 1,065,440 |
| Management/Board and other meeetings | 110,005 |
| Hospitality and refreshments | 138,281 |
| Uniforms | 793,666 |
| Linen and beddings | 39,000 |
| Sundry expenses | 24,522 |
| Fees and subscription | |
| General subscription and donations | 57,916 |
| CHAM memberships charges | 721,357 |
| CHAM administrative charges | 813,750 |
| Accreditations - N&MCM | 230,000 |
| Bank charges | 186,010 |
| General insurance | 216,251 |
| Bank charges - VAT | 3,267 |
| Legal retainer fee | 80,000 |
| Legal/penalty charges | 45,650 |
| Audit fees | 750,000 |
| Finance consultancy charges | 300,000 |
| Depreciation | |
| Depreciation - buildings | 2,460,854 |
| Depreciation - staff houses | 1,348,215 |
| Depreciation - equipment | 654,172 |
| Depreciation - furniture and fittings | 592,636 |
| Depreciation - other assets | 196,601 |
| Total general administration and overheads | <u><u>17,895,666</u></u> |

MULANJE MISSION COLLEGE OF NURSING AND MIDWIFERY

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2012

| | 2012 |
|---|-------------------------|
| | K |
| Repairs and maintenance | |
| Repairs and maintenance - Electricals | 786,859 |
| Repairs and maintenance - Water system | 264,574 |
| Repairs and maintenance - Buildings | 800,858 |
| Repairs and maintenance - Equipment | <u>422,667</u> |
| Total repairs and maintenance | <u><u>2,274,958</u></u> |
| | |
| Transport and travel | |
| Fuel and oil | 2,244,032 |
| Tyres and tubes | 233,932 |
| Motor vehicle maintenance and servicing | 896,303 |
| Motor vehicle insurance | 329,303 |
| Motor vehicle licences | 19,000 |
| Travel and accomodation costs | 410,910 |
| Subsistence allowance | <u>299,150</u> |
| Total transport and travel | <u><u>4,432,630</u></u> |