

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY

**FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 MARCH 2023**

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY

TRUSTEE REGISTRATION NO : TR/INC:7320

NATURE OF OPERATIONS A specialist hospital providing orthopaedic and neurosurgery services.

BOARD OF DIRECTORS
Ms. Scader Louis
Mr. Saulos Mhlanga
Mr. Isaac Chiundira
Dr. Jonathan Ngoma
Dr. Carlos G Valera
Dr. Kweme Mwafulira
Dr. Aubrey Harry Mvula
Mr. Christopher Ngulube
Dr. Charles Mwansambo
Prof. Kjell Matre
Dr. Uma Grob
Dr. Sven Young

REGISTERED OFFICE
LION Trust
P.O. Box 31653
Mzimba road
LILONGWE

BANKERS
National Bank
P.O. Box 123
Lilongwe
MALAWI
NBS Bank
P.O. Box 30350
Capital City
LILONGWE 3

AUDITORS
BDO Chartered Accountants
6th Floor Unit House
P.O. Box 3038
BLANTYRE

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TRUSTEES RESPONSIBILITY STATEMENT

The Board of Trustees is required by the Non Governmental Organisation Act No. 3 of 2001 and the Trustees Act (Chapter 5:02), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations for the year then ended, in conformity with International Financial Reporting Standards.

The Trustees acknowledges that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the Board of Trustees to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraint.

The Trustees are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Trustees have assessed the ability of the organisation to continue operating as a going concern and believe that the preparation of the financial statements on a going concern basis is appropriate.

The external auditors are responsible for independently auditing and reporting on the organisation's financial statements. The financial statements and related notes have been examined by the organisation's external auditors and their report is presented on pages 3 to 4.

The financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:-



Ms. Scader Louis
Board Chairperson



Mr. Saulos Mhlanga
Chairman - Audit and Finance Committee

3 November 2023

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

MANAGEMENT REPORT

for the nine months ended 31 March 2023

Management Report

The board submit their report together with the audited financial statements for the nine months ended 31 March 2023, which disclose the state of affairs of Lilongwe Institute of Orthopaedics and Neurosurgery (LION).

Principal activities and mission

The principal activity of the organisation is to provide orthopaedic and neurosurgery services.

Results

The results for the nine months ended 31 March 2023 are shown on pages 3 to 4.

Key management

Note 7.1 shows the remuneration of senior management team members who held office during the year and to the date.

Auditors

The organisation's auditor, BDO Chartered Accountants, has expressed their willingness to continue in office.

By order of the Board.



Ms. Scader Louis
Board Chairperson
Committee



Mr. Saulos Mhlanga
Chairman - Audit and Finance

3 November 2023



Tel: +265 1 832 833/4
Tel: +265 1 779 016
www.bdo.co.mw

6th Floor Unit House
Plot Number Bw216
Victoria Avenue
P.O.Box 3038
Blantyre
Malawi

House No. 229
Plot NO. 12/229
Area 12
P.Bag B321
Lilongwe
Malawi

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY

Opinion

We have audited the financial statements of LILONGWE INSTITUTE ORTHOPAEDICS AND NEUROSURGERY set out on pages 5 to 16, which comprise the statement of financial position as at 31 March 2023, the statement of income and expenditure, the statement of changes in funds, the statement of cash flows for the nine months then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of LILONGWE INSTITUTE ORTHOPAEDICS AND NEUROSURGERY as at 31 March 2023, its financial performance and its cash flows for the nine months then ended in accordance with the International Financial Reporting Standards and the requirements of the Non-Governmental Organisations Act No. 3 of 2001 and the Trustees Act (Chapter 5:03).

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 Organization in accordance with the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the financial statements in Malawi, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Non-Governmental Organisations Act No. 3 of 2001 and the Trustees Act (Chapter 5:03) and for such internal control as the Trustees 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 Trustees are responsible for assessing the entity'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 Trustees either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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 skepticism 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Trustees' 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 organisation'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 auditors' report. However, future events or conditions may cause the organisation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the organisational activities within the organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisational audit. We remain solely responsible for our audit opinion.

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

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is **Martin Makaya**.


BDO Chartered Accountants
Per: **Martin Makaya**
Registered Auditor - CA/RP/029

Blantyre
3 November 2023

BDO Chartered Accountants
6th Floor
Unit House
Victoria Avenue
Blantyre
Malawi

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

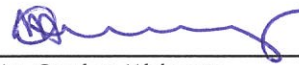
STATEMENT OF FINANCIAL POSITION
as at 31 March 2023

ASSETS	Note	2023 MWK	2022 MWK
Non current assets			
Property and equipment	4	11,576,102,877	7,876,787,717
Current assets			
Trade and other receivables	5	5,052,174	3,640,009
Cash and cash equivalents		150,208,392	197,270,993
		<u>155,260,566</u>	<u>200,911,002</u>
Total assets		<u><u>11,731,363,443</u></u>	<u><u>8,077,698,719</u></u>
FUNDS AND LIABILITIES			
Capital and reserves			
Capital fund	6	11,291,724,278	7,730,621,407
General fund	6	27,642,758	26,746,316
		<u>11,319,367,036</u>	<u>7,757,367,723</u>
Liabilities			
Deferred income	7	394,561,089	279,773,971
Trade and other payables	8	17,435,318	40,557,024
		<u>411,996,407</u>	<u>320,330,995</u>
Total funds and liabilities		<u><u>11,731,363,443</u></u>	<u><u>8,077,698,718</u></u>

The financial statements were authorised for issue by the Board of Trustees on 3 November 2023 and signed on its behalf by:-



Ms. Scader Louis
Board Chairperson



Mr. Saulos Mhlanga
Chairman - Audit and Finance Committee

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

STATEMENT OF CHANGES IN FUNDS
for the nine months ended 31 March 2023

	Capital fund MWK	General fund MWK	Total MWK
Balance as at 1 July 2021	4,667,303,000	2,423,000	4,669,726,000
Additional capital funds	3,063,318,407	-	3,063,318,407
Surplus for the period	-	24,323,317	24,323,317
Balance as at 30 June 2022	<u>7,730,621,407</u>	<u>26,746,316</u>	<u>7,757,367,723</u>
Additional capital funds - Haukeland	2,964,454,429	-	2,964,454,429
Additional capital funds - CBM	596,648,442	-	596,648,442
Surplus for the period	-	896,442	896,442
Balance as at 31 March 2023	<u><u>11,291,724,278</u></u>	<u><u>27,642,758</u></u>	<u><u>11,319,367,036</u></u>

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

STATEMENT OF CASH FLOWS
for the nine months ended 31 March 2023

	Note	2023 MWK	2022 MWK
Cash flows from operating activities			
Surplus for the year		896,442	24,323,317
Adjustments for:			
Depreciation		161,070	214,761
Interest received		(460,143)	(1,056,585)
		<u>597,369</u>	<u>23,481,492</u>
Movements in working capital			
Increase in trade and other receivables		(1,412,165)	(3,640,009)
(Decrease)/increase in trade and other payables		(23,121,706)	31,615,025
Increase in deferred income		114,787,118	276,856,971
Cash flows generated from operating activities		<u>90,850,617</u>	<u>327,883,958</u>
Cash flows from investing activities			
Interest received		460,143	1,056,585
Purchase of property and equipment		(3,699,476,230)	(3,225,378,722)
Cash flows used in investing activities		<u>(3,699,016,088)</u>	<u>(3,224,322,138)</u>
Cash flows from financing activities			
Capital grant received		3,561,102,871	3,088,342,173
Cashflows generated from financing activities		<u>3,561,102,871</u>	<u>3,088,342,173</u>
(Decrease)/increase in cash and cash equivalents		(47,062,601)	191,903,993
Cash and cash equivalents at beginning of the period		197,270,993	5,367,000
Cash and cash equivalents at end of the period	12	<u>150,208,392</u>	<u>197,270,993</u>

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

NOTES TO THE FINANCIAL STATEMENTS for the nine months ended 31 March 2023

1. GENERAL INFORMATION

1.1 Nature of operations

Lilongwe Institute of Orthopaedics and Neurosurgery (LION) is an organisation incorporated under the Trustees Act (Chapter 5:03) and domiciled in Malawi. It is a not for profit making organisation involved in offering Orthopaedics and Neurosurgery services. The registered offices are situated in Kamuzu Central Hospital campus, Mzimba Road, Lilongwe in Malawi.

1.2 Currency

The organisation's functional and presentation currency is the Malawian Kwacha ("MWK").

1.3 Comparative information

The accounting period is for the nine months ended 31 March 2023. The comparative information is for one year ended 30 June 2022. LION Trust decided to change its fiscal year to align with the government's calendar year which changed from yearend 30 June to 31 March.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies used in the preparation of financial statements are set out below. The policies have been consistently applied to the period presented, unless otherwise stated.

The financial statements are based on statutory records that are maintained under the historical cost convention.

The financial statements of Lilongwe Institute of Orthopaedics and Neurosurgery have been prepared in accordance with Non-Governmental Organisations Act No.3 of 2001, the Trustees Act (Chapter 5.03) and in conformity with International Financial Reporting Standards (IFRSs). The financial statements have been prepared on an accrual basis of accounting, whereby revenue and support are recognised when earned and expenses are recognised when incurred. Going concern assumption has been applied in the preparation of Lilongwe Institute of Orthopaedics and Neurosurgery financial statements.

2.2 Property and equipment

Property and equipment is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the entity and the costs can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Subject to the above property and equipment is depreciated on a straight line basis as follows:

. Office Furniture	5 years
. Office equipment	3 years

Subsequent to initial measurement, equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
for the nine months ended 31 March 2023

2.2 Property and equipment (cont'd)

Their useful lives and residual values are assessed annually. Annual depreciation is charged proportionately over the remaining useful life of an asset where its carrying amount is higher than its residual value. If the carrying amount is lower than the residual value, no depreciation is charged.

The residual value of an asset is the estimated amount that would currently be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in condition expected at the end of its useful life. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains and losses are included in profit or loss.

i) Impairment of property and equipment

The carrying amount of equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Any impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

ii) Derecognition of property and equipment

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from use or disposal.

2.3 Financial instruments

2.3.1 Financial assets

The financial assets comprise of other receivables in the statement of financial position. The financial assets are recognized initially at their nominal value, on the date, which is the date that the company becomes a party to the contractual provisions of the instruments. They are subsequently measured at nominal value less provision for impairment.

A prepayment exists if money has been paid for an expense that relates to a subsequent accounting period. The portion of these payments that benefit future accounting periods shall be recorded as prepaid expenses. The cost of these assets is charged to expense (amortized) during the benefiting months.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cashflow has expired or where they have been transferred and the organization has also transferred substantially all risks and rewards of ownership.

Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. Impairment loss is recognized in expenditure.

2.3.2 Financial liabilities

Other payables

These financial liabilities are initially measured at fair value and subsequently carried at amortised cost using the effective interest method.

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGRY (LION)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the nine months ended 31 March 2023

2.3.2 Financial liabilities (cont'd)

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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.

Accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are recognized when the organization enters into transactions and these have not been paid for as at the end of the period.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

2.4 Cash and cash equivalents

For the purposes of reporting, cash and cash equivalents comprise of cash on hand and bank balances.

2.5 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the organization and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

To determine whether to recognize revenues, the organization follows a five step process:-

- Identify the contract(s) with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

(a) Grants and donations

Income comprises of grants received from the head office for the operations of Lilongwe Institute of Orthopaedics and Neurosurgery and construction.

(c) Interest income

Interest income is accrued on a time basis, by reference to the bank balance outstanding and effective interest rate applicable.

(d) Other income

Other income consists of income earned from activities that are not related to the entity's main business. For example, exchange gain on translation of a foreign currency balances.

2.6 Expenditure

Expenditure represents the costs incurred by Lilongwe Institute of Orthopaedics and Neurosurgery. These are recorded in the period in which they are incurred. An expense is incurred in the month during which the services rendered, or goods purchased were received. An accrual is made for each expense that has been incurred, but not paid as of the end of the reporting period.

2.7 Post-employment benefits

Retirement benefits are provided for employees through independently administered defined contribution funds. Contributions to defined contribution pension schemes are charged to statement of income and expenditure in the year to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
for the nine months ended 31 March 2023

2.8 Financial instruments and credit risk

The organization's risk limits are regularly assessed to ensure alignment with the organization objectives and prevalent market conditions. Management is closely involved in ensuring a variety of techniques are used to assess and manage said risks.

a) Currency risk

The organization is exposed to risk through transactions in foreign currencies. The organization's exposures give rise to foreign currency gains and losses that are recognized in the statement of income and expenditure. The organization ensures that its net exposure is kept to an acceptable level by careful monitoring of exchange rates.

The grants and program income which support program activities comes primarily from Lilongwe Institute of Orthopaedics and Neurosurgery.

2.9 Foreign currencies

The financial statements are presented in Malawi Kwacha, which is the organisation's functional and presentation currency. Transactions entered into by organisation in a currency other than the Malawi Kwacha are recorded at the rates ruling when the transactions occur.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of transaction. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate ruling at the reporting date. Non-monetary assets and liabilities are carried at fair value denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses arising on exchange rate are included in the statement of income and expenditure for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in the fair value are recognized directly in reserves.

2.10 Income tax

The organization is exempt from paying income tax per paragraph (ix) of the First Schedule to the Taxation Act Chapter (41:01).

3. CRITICAL JUDGEMENTS IN APPLYING THE ORGANISATION'S ACCOUNTING POLICIES

In preparing the financial statements, Directors are required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures.

Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments include: -

a. Other receivables

The organization assesses its other receivable for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of income and expenditure, the organization makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

b. Impairment testing

The organization is required to test, on annual basis, whether an asset has suffered impairment. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost of disposal and its value in use. The determination of value in use requires the use future cash flows and of discount rate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the nine months ended 31 March 2023

4 PROPERTY AND EQUIPMENT

	Buildings WIP MWK	Hospital Equipment WIP MWK	Office equipment MWK	Furniture & fixtures MWK	Software Development WIP MWK	Total MWK
Net carrying amount at 1 July 2021	4,675,572,000		-	646,000	-	4,676,218,000
Gross carrying amount - cost	4,675,572,000		-	718,000	-	4,676,290,000
Accumulated depreciation	-		-	(72,000)	-	(72,000)
Additions	3,204,073,722		1,430,000	-	19,875,000	3,225,378,722
Depreciation	-		(143,000)	(71,761)	-	(214,761)
Impairment	(24,594,244)		-	-	-	(24,594,244)
Net carrying amount at 30 June 2022	7,855,051,478		1,287,000	574,239	19,875,000	7,876,787,717
Gross carrying amount - cost	7,855,051,478	-	1,430,000	718,000	19,875,000	7,877,074,478
Accumulated depreciation	-	-	(143,000)	(143,761)	-	(286,761)
Additions	3,590,671,074	100,855,156	-	-	7,950,000.00	3,699,476,230
Depreciation	-		(107,250)	(53,820)	-	(161,070)
Net carrying amount at 31 March 2023	11,445,722,552	100,855,156	1,179,750	520,419	27,825,000	11,576,102,877
Gross carrying amount - cost	11,445,722,552	100,855,156	1,430,000	718,000	27,825,000	11,576,550,708
Accumulated depreciation	-	-	(250,250)	(197,581)	-	(447,831)

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the nine months ended 31 March 2023

5	TRADE AND OTHER RECEIVABLES	2023 MWK	2022 MWK
	Trade receivables	-	2,944,009
	Allowance for credit losses	-	-
	Trade receivables - net	-	2,944,009
	Other	5,052,174	696,000
	Loan and other receivables	<u>5,052,174</u>	<u>3,640,009</u>

The carrying value of trade and other receivables at amortised cost approximates fair value.

Impairment of trade and other receivables

The organisation applies the IFRS 9 simplified approach to measuring expected losses using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade and other receivables are grouped based on similar risk and their aging. Trade and other receivables are within the collection days and no provision was provided.

6 FUNDS

Authorised and granted funds:

Capital funds	11,291,724,278	7,730,621,407
General funds	27,642,758	26,746,316
	<u>11,319,367,036</u>	<u>7,757,367,723</u>

7 DEFERRED INCOME

Opening deferred income	279,773,971	2,917,000
Grants from Haukeland University Hospital	264,782,545	471,112,492
Grants from CBM	21,251,158	-
Administration and program expenses funds	(171,246,585)	(194,255,521)
Closing deferred income	<u>394,561,089</u>	<u>279,773,971</u>

Deferred income arises when total funds from grants have not been liquidated during the year.

8 TRADE AND OTHER PAYABLES

Consulting fees	751,685	750150
Pension	1,425,207	7923165
Withholding Tax	6,803,512	29572249
WHT-CBM project 4269MYP	5,377,399	-
Pay As You Earn	2,311,461	2311460
TEVET levy	766,055	-
	<u>17,435,318</u>	<u>40,557,024</u>

9 RELATED PARTY INFORMATION

Related party	Nature of relationship
Ms. Scader Louis	Board Chairpeson
Dr. Uma Grob	Trustee
Mr. Isaac Chiundira	Trustee
Dr. Jonathan Ngoma	Trustee
Dr. Samson Mndolo	Trustee

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)
for the nine months ended 31 March 2023

		2023	2022
		MWK	MWK
9	RELATED PARTY INFORMATION (Cont'd)		
	Dr. Kaweme Mwafulira		Trustee
	Dr. Aubrey Harry Mvula		Trustee
	Dr. Vincent Mkochi		Trustee
	Dr. Gift Mulima		Trustee
	Prof. Kjell Matre		Trustee
	Mr. Saulos Mhlanga		Trustee
	Dr. Sven Young		Secretary and Chief Executive Officer
	Dr. Boston Munthali		Medical Director
	Mr. Patrick Chitsime		Human Resources Director
	Ms. Rachel Jiya		Nursing Director
	Mr. Grycian Massa		Facility and Maintenance Director
	Mr. Pyoka Mfuni		Finance Director
9.1	Compensation to key management		
	Short-term	76,605,499	53,113,628
	Long-term	7,660,550	4,790,867
		<u>84,266,049</u>	<u>57,904,495</u>
<p>The remuneration of Trustees and key management is determined by the Board having regard to the performance of the individuals. Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the organisation.</p>			
10	INCOME		
10.1	Haukeland University Hospital donations		
	Administration and program expenses	<u>171,246,585</u>	<u>194,112,520</u>
10.2	Other income		
	Refunds	436,299	3,973,711
	Exchange gains	4,814,846	19,293,020
	Interest income - bank	460,143	1,056,585
		<u>5,711,288</u>	<u>24,323,317</u>
11	EXPENSES		
11.1	Administration expenses		
	Accountancy fees	966,100	950,000
	Advertising	357,000	4,896,749
	Bank service fees	430,733	1,118,455
	Board meeting expenses	124,225	66,026
	Consultation fees	16,912,457	10,295,028
	Depreciation	161,070	214,761
	Doctor's consultation fees	16,875,000	22,500,000
	Dues and subscriptions	1,480,063	495,000
	Freight and clearing expenses	32,130,986	10,524,785
	Fuel	3,513,730	263,904
	Hip replacement camp	2,184,850	-
	Internet and softwares	2,071,900	1,284,125
	Office - general	996,029	691,789
	Other contracted services	2,281,969	23,641,934
	Printing and stationery	1,653,508	1,004,785
	Project expenses - Withholding taxes	39,006	-
	Balance carried forward	<u>82,178,626</u>	<u>77,947,342</u>

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

for the nine months ended 31 March 2023

	2023	2022
	MWK	MWK
11 EXPENSES (cont'd)		
Balance brought forward	82,178,626	77,947,342
Rent	-	21,921,170
Repairs and maintenance	218,000	-
Software expenses	-	865,013
Travel and accommodation	1,142,000	493,500
Tevet levy	766,055	-
Uniforms	512,600	-
Water and electricity	-	5,340,500
Total	84,817,281	106,567,524

11.2 Program expenses		
Staff costs	91,244,150	87,544,996

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for purposes of the statement of cash flows comprises of:-

Cash at bank MWK	5,487,362	107,226,807
Cash at bank USD	144,721,030	90,044,186
	150,208,392	197,270,993

13 CONTINGENT LIABILITIES

There were no contingent liabilities requiring disclosure at the end of the reporting period.

14 EXCHANGE RATES AND INFLATION

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

	2023	2022
	MWK	MWK
Exchange rates:		
Kwacha / USD	1,035.25	799.53
Kwacha / Euro	1,095.32	945.49
Inflation rate %	16.30%	9.46%

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

Kwacha / USD	1,168.78	1,026.15
Kwacha / Euro	1,273.19	1,019.62

15 EVENTS AFTER THE REPORTING DATE

15.1 Approval of the financial statements

These financial statements were approved by the the Board of Trustees on 3 November 2023.

There were no other significant events after reporting date which necessitated disclosure or adjusting to the financial statements.