LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

TRUSTEE REGISTRATION NO : TR/INC:7320

NATURE OF OPERATIONS	A specialist hospital providing orthopaedic and neurosurgery services.	
BOARD OF TRUSTEES	Ms Scader Louis	*Board Chairperson*
	Dr Enock Ludzu	*Ex Officio Member*
	Dr Gift Mulima	*Ex Officio Member*
	Dr Kaweme Mwafulirwa	*Member*
	Dr Samson Mndolo	*Ex Officio Member*
	Mr Isaac Chiundira	*Ex Officio Member*
	Mr Saulos Mhlanga	*Chairperson of Finance and Audit Committee*
	Dr Aubrey H Mvula	*Chairperson of Human Resource Management Committee*
	Mr Vincent Mkochi	*Member*
	Prof. Kjell Matre	*Member*
	Dr. Sven Young	*Secretary and Chief Executive Officer*
REGISTERED OFFICE	LION Trust P.O. Box 31653 Mzimba road **Lilongwe**	
BANKERS	National Bank P.O. Box 123 Capital City **Lilongwe**	NBS Bank P.O. Box 30350 Capital City **Lilongwe 3**
AUDITORS	BDO Chartered Accountants 6th Floor Unit House P.O. Box 3038 **Blantyre**	

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

TRUSTEES RESPONSIBILITY STATEMENT

The board of trustees is required by the Non-Governmental Organisation Act (Chapter 5:05) 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 and IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM).

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 28, 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 Audit and Finance Committee Chairman

15 May 2026

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

TRUSTEES REPORT
for the year ended 31 March 2025

The board submit their report together with the audited financial statements for the year ended 31 March 2025, which disclose the state of affairs of the organisation.

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

	2025 MWK	2024 MWK
Revenue and support	9,504,251,021	15,055,625,576
Deficit/Surplus for the year	(2,625,746,889)	662,182,436

Results for the year
The organisation incurred a deficit for the year of MWK2,625,746,889 (2024 surplus: MWK662,182,436).

Trustees
The trustees who held office during the year and to the date of this report were: -

Ms. Scader Louis	*Board Chairperson*
Dr Enock Ludzu	*Ex Officio Member*
Dr Gift Mulima	*Ex Officio Member*
Dr Kaweme Mwafulira	*Member*
Dr Samson *Mndolo*	*Ex Officio Member*
Mr Isaac Chiundira	*Ex Officio Member*
Mr Saulos Mhlanga	*Chairperson of Finance and Audit Committee*
Dr Aubrey Harry	*Chairperson of Human and Resource Management Committee*
Dr Vincent Mkochi	*Member*
Prof Kjell Matre	*Member*
Dr Sven Young	*Secretary and Chief Executive Officer*

Number of employees and remuneration
The total number of employees was 68 (2024: 22). The total remuneration of employees during the year amounted to MWK524,570,404 (2024: MWK226,883,182).

The organisation has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

Gifts and donations
No gifts and donations were incurred by the company during the year.

Property and equipment
Property and equipment amounting to MWK241,218,542 were purchased during the year, while assets valued at MWK6,616,614,930,138 were received as donations (2024: MWK138,373,359 purchased and MWK 13,132,155,758 donated).

Auditors
The auditor, BDO Chartered Accountants, has indicated their willingness to continue in office and a resolution for their appointment will be proposed at the next annual general meeting.

Ms. Scader Louis
Board Chairperson

Mr. Saulos Mhlanga
Audit and Finance Committee Chairman

15 May 2026

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 28, which comprise the statement of financial position as at 31 March 2025, the statement of income and expenditure, the statement of changes in funds, the statement of cash flows for the year ended, and the notes to the financial statements, including a summary of material 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 2025, its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standards (IFRSs), the IAS 29 directive as issued by the Institute of Chartered Accountants in Malawi, 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 Annual Financial Statements section of our report. We are independent of the organisation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The trustees are responsible for the other information. The other information comprises the trustees' report as required by the Non- Government Organizations Act which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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 that we 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 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, 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.

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 **Kudakwashe Chima.**

BDO

<u>BDO Chartered Accountants</u>
Per: Kudakwashe Chima
Registered Auditor - CA/RP/061

<u>Blantyre</u>
15 May 2026

6th Floor
Unit House
Victoria Avenue
Blantyre
Malawi

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

STATEMENT OF FINANCIAL POSITION
as at 31 March 2025

ASSETS	Note	2,025 MWK	2024 MWK
Non current assets			
Property and equipment	4	29,304,985,605	23,652,823,222
Intangible asset	5	27,825,000	27,825,000
		29,332,810,605	23,680,648,222
Current assets			
Inventories	6	175,226,961	259,730,677
Trade and other receivables	7	80,781,202	110,039,479
Cash and cash equivalents		1,119,487,127	1,014,795,248
		1,375,495,290	1,384,565,405
Total assets		**30,708,305,895**	**25,065,213,627**
FUNDS AND LIABILITIES			
Capital and reserves			
Capital fund		29,844,138,640	23,771,307,838
General fund		(1,359,953,161)	972,703,129
		28,484,185,479	24,744,010,967
Liabilities			
Deferred income	8	1,205,899,070	219,376,040
Other payables	9	1,018,221,346	101,826,620
		2,224,120,416	321,202,660
Total funds and liabilities		**30,708,305,895**	**25,065,213,627**

The financial statements were authorised for issue by the Board of Trustees on 15 May 2026 and signed on its behalf by:-

Ms. Scader Louis
Board Chairperson

Mr. Saulos Mhlanga
Audit and Finance Committee Chairman

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

STATEMENT OF INCOME AND EXPENDITURE
for the year ended 31 March 2025

	Note	2025 MWK	2024 MWK
Revenue and support			
Hospital revenue	11	1,237,480,225	217,800,296
Grant and donations income	12	8,155,085,349	14,837,825,281
Total revenue and support		**9,392,565,574**	**15,055,625,576**
Cost of sales	13	(2,617,567,640)	(333,671,430)
Net revenue and support		6,774,997,933	**14,721,954,146**
Other income	14	19,932,943	444,382,140
Total Income		**6,794,930,876**	**15,166,336,286**
Expenditure			
Administration expenses	15.1	8,486,934,124	14,372,075,614
Operation expenses	15.2	933,736,692	132,078,236
Total expenditure		**9,420,670,816**	**14,504,153,850**
(Deficit)/surplus for the year		**(2,625,739,939)**	**662,182,436**

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

STATEMENT OF CHANGES IN FUNDS
for the year ended 31 March 2025

	Capital fund MWK	General fund MWK	Total MWK
Balance as at 31 March 2023	**11,291,724,278**	**27,642,758**	**11,319,367,036**
Donated assets	12,762,461,496	-	12,762,461,496
Transfer of depreciation	(282,877,936)	282,877,936	-
Surplus for the year	-	662,182,436	662,182,436
Balance as at 31 March 2024	**23,771,307,838**	**972,703,129**	**24,744,010,967**
Donated assets	6,365,914,452	-	6,365,914,452
Transfer of depreciation	(293,083,649)	293,083,649	-
Deficit for the year		(2,625,739,939)	(2,625,739,939)
Balance as at 31 March 2025	**29,844,138,640**	**(1,359,953,161)**	**28,484,185,479**

LILONGWE INSTITUTE OF ORTHOPAEDICS AND NEUROSURGERY (LION)

STATEMENT OF CASH FLOWS
for the year ended 31 March 2025

	Note	2025 MWK	2024 MWK
Cash flows from operating activities			
(Deficit)/surplus for the year		(2,625,739,939)	662,182,436
Adjustments for:			
Depreciation		1,205,671,087	1,165,983,772
Interest received		(5,725,622)	(2,222,336)
		(1,425,794,474)	1,825,943,872
Movements in working capital			
Decrease/(increase) in Inventorires		84,503,716	(259,730,677)
Decrease/(increase) in trade and other receivables		29,258,277	(104,987,305)
Increase in trade and other payables		916,394,726	84,391,302
Increase/(decrease) in deferred income		986,523,030	(175,185,051)
Cash flows generated from operating activities		590,885,275	1,370,432,141
Cash flows from investing activities			
Interest received		5,725,622	2,222,336
Purchase of property and equipment		(491,919,019)	(508,067,621)
Cash flows used in investing activities		(486,193,396)	(505,845,285)
Increase in cash and cash equivalents		104,691,879	864,586,856
Cash and cash equivalents at beginning of the year		1,014,795,248	150,208,392
Cash and cash equivalents at end of the year	12	1,119,487,127	1,014,795,248

1. GENERAL INFORMATION

1.1 Nature of operations
Lilongwe Institute of Orthopaedics and Neurosurgery Trust (LION Trust) is 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 Basis of preparation
The financial statements of Lilongwe Institute of Orthopaedics and Neurosurgery (LION) ("the Trust") have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee and and IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM).

The financial statements have been prepared under the historical cost convention, except where otherwise stated, and are presented in Malawi Kwacha (MWK), which is the Trust's functional and presentation currency. All amounts are rounded to the nearest Malawi Kwacha unless otherwise stated.

1.3 Going concern
The financial statements have been prepared on a going concern basis. The Board of Trustees has assessed the Trust's ability to continue as a going concern and is satisfied that the Trust has adequate resources to continue in operational existence for the foreseeable future (at least 12 months from the reporting date). Accordingly, the Board believes that the going concern basis of accounting is appropriate.

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

2 SIGNIFICANT ACCOUNTING POLICIES

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.

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) and the IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM).

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the company's management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.2 Changes in accounting policies
a) New standards, interpretations and amendments effective from 1 January 2024 and their impact

The following amendments are effective for the period beginning 1 January 2024:

2.2 Changes in accounting policies (Cont'd)
New standards, interpretations and amendments effective from 1 January 2024 and their impact (Cont'd)

The following standards and amendments are effective for the period beginning 1 January 2024:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information;
- IFRS S2 Climate-related Disclosures
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Non-current Liabilities with Covenants (Amendments to IAS 1); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024. See the applicable notes for further details on how the amendments affected the Company.

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and)

opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The management, in a bid to reduce emissions, has adopted a paperless work environment where only mandatory documents can be printed.

The Company acknowledges the increasing importance of sustainability-related disclosures. However, after a detailed cost-benefit analysis, it has concluded that the anticipated costs of compliance, including significant investments in data collection systems, process redesign, and external consultancy services, exceed the expected benefits for stakeholders in the current reporting period. This decision will be reassessed periodically, and the Company may revisit its position if material changes in regulatory requirements, cost structures, or stakeholder needs occur.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a

2.2.1 Changes in accounting policies (Cont'd)
a) New standards, interpretations and amendments effective from 1 January 2024 and their impact (Cont'd)

liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement'.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Non-current Liabilities with Covenants (Amendments to IAS 1)
The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of

financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the group applies the amendments. Under the transitional provisions, an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments; and
- the information otherwise required by IAS 7:44H(b)(ii)-(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

2.2.1 Changes in accounting policies (Cont'd)
a) New standards, interpretations and amendments effective from 1 January 2024 and their impact (Cont'd)

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following standards are effective for the period beginning on or after 1 January 2027

IFRS 18 Presentation and Disclosures in Financial Statements
IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

The directors of the company do not anticipate that IFRS 19 will be applied for purposes of the financial statements of the Company.

The following amendments are effective for the period beginning on or after 1 January 2025

Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)
The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not available. The amendments state that a currency is exchangeable

2.2.1 Changes in accounting policies (Cont'd)
a) New standards, interpretations and amendments effective from 1 January 2024 and their impact (Cont'd)

Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)
into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

Below amendments are effective for periods beginning on or after 1 January 2026.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments
The requirements amended relate to:

- The date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer
- Assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features
- Characteristics of non-recourse loans and contractually linked instruments.

The Amendments also introduce additional disclosure requirements for equity instruments classified as FVOCI and for financial instruments with contingent features.

Annual Improvements to IFRS Accounting Standards which comprise the following amendments:
- IFRS 1: Hedge accounting by a first-time adopter;
- IFRS 7: Gain or loss on derecognition;
- IFRS 7: Disclosure of deferred difference between fair value and transaction price;
- IFRS 7: Introduction and credit risk disclosures;
- IFRS 9: Lessee derecognition of lease liabilities;
- IFRS 9: Transaction price;
- IFRS 10: Determination of a 'de facto agent'; and
- IAS 7: Cost method.

The Organisation is currently assessing the impact of these new accounting standards and amendments. The Organisation does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Organisation.

2.3 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:

- Buildings 40 years
- Hospital equipment 10 years
- Machinery 10 years
- Fixtures and fittings 10 years
- Motor vehicles 5 years
- Computer 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.

Their useful lives and residual values are assessed annually. Annual depreciation is charged proportionately over the remaining useful life of an asset where it's 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) Capital Work-in-Progress (CIP)
CIP is transferred to the relevant asset class when the asset becomes available for use.

ii) Donated PPE
Donated assets are recognized at fair value and treated as capital grants

iii) 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.

iv) Derecognition of property and equipment
An item of equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal.

2.4 Intangible assets
Intangible assets consist of software and system development costs.

- Capitalized only when development criteria per IAS 38 are met (technical feasibility, intention to complete, ability to use, probable economic/operational benefit).
- Amortisation has not commenced as the software is not yet ready for use.
- Reviewed annually for impairment until ready for use.
- Amortized on a straight-line basis over 3-7 years thereafter.

2.5 Inventories
Inventories comprise medical supplies, consumables, pharmaceuticals, fuel, and other hospital stocks. Measured at the lower cost and net realizable value. Cost is determined using the FIFO method.

2.6 Financial instruments

2.6.1 Financial assets
The hospital's financial assets comprise trade and other receivables and cash and cash equivalents in the statement of financial position. These financial assets are measured at amortised cost and are accounted for as follows:

Trade and other receivables
Trade and other receivables are recognised on the date they are originated, all other financial assets are recognised initially on the trade date, which is the date that the hospital becomes a party to the contractual provisions of the instrument.

Amortised cost
These assets arise principally from the provision of services and products to customers, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables from customers are recognised based on a forward-looking expected credit loss model on the simplified approach within IFRS 9. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Derecognition of financial assets
Financial assets are derecognized when the rights to receive cash flows have expired or where they have been transferred and the hospital has also transferred substantially all risks and rewards of ownership.

2.6 Financial instruments (Cont'd)

2.6.2 Financial Liabilities

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

Other 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.

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

Derecognition of financial liabilities
Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

2.7 Cash and cash equivalents
Cash and cash equivalents include cash at bank, current and call deposits and foreign currency balances all with maturities of three months or less and subject to insignificant risk of changes in value.

2.8 Funds
The organization maintains the following funds:

2.8.1 Capital fund
Represents capital donations, donor-funded assets, transfers of depreciation relating to donated assets and long-term equity injections with no expectation of repayment

2.8.2 General fund
Represents accumulated surpluses or deficits from operations available to the organization.

2.9 Revenue
Revenue from hospital services is recognised when services are rendered to patients and the Trust has an enforceable right to consideration. Revenue is measured at the fair value of consideration received or receivable, net of discounts and rebates.

(a) Hospital services revenue
Hospital income includes fees for consultations, procedures, diagnostics, pharmacy sales, laboratory income, radiology, rehabilitation services, ward fees and other clinical services. Revenue is recognised at the point in time when services are rendered, and the performance obligation is satisfied. Where services are billed but unpaid, amounts are recognised as trade receivables.

(b) Discounts
Discounts, fee reductions and waivers are recognised as a reduction of revenue at the time the related service is recognised.

2.9 Revenue (Cont'd)

(c) Interest Income
Interest income is recognised on a time-proportion basis using the effective interest method under IFRS 9.

Grants, donations and deferred Income
The Trust receives grants and donations in cash and in kind to support operations, training, programmes and capital projects.

Grants and donations are recognised when:

1. There is reasonable assurance that the Trust will comply with conditions attached; and
2. The grant will be received.

(a) Capital grants and donated assets
Grants and donations related to the acquisition or construction of property and equipment (including donated medical equipment and buildings) are recognised as follows:

- Recorded initially as deferred income or directly in the Capital Fund, depending on donor stipulations.
- Subsequently recognized in income systematically over the useful life of the related asset through transfer of depreciation or amortisation.

(b) Government grants and donations
Government grants and donor funding are recognized only when there is reasonable assurance that the Trust will comply with the conditions attached to the grant and that the grants will be received. In particular, government grants relate to contributions from the Malawi government for patients referred from public hospitals who are not capable of paying the full hospital fees.

Grants received for specific purposes are initially recognized as deferred income in the statement of financial position and are released to income as the related expenditure is incurred. Grants related to income are recognized in statement of income and expenditure systematically over the periods in which the Trust recognizes the related costs for which the grants are intended to compensate.
There are no assets-related grants received.

(c) Donations in kind
Donations of equipment, supplies, consumables and other non-cash items are measured at fair value at the date of receipt. Where valuation is not practicable, donations are disclosed narratively.

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

e) Lease (Rental income)
Rental income arising from the leasing of property or equipment is recognised in profit or loss on a straight-line basis over the lease term, in accordance with the pattern of benefits derived from the

2.9 Revenue (Cont'd)

use of the underlying asset by the lessee. For operating leases, rental income is recognised evenly over the lease term unless another systematic basis better reflects the timing.

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

2.10 Cost of sales
Cost of sales represents the direct costs incurred in providing healthcare services to patients. These costs include medical and surgical supplies, as well as additional theatre costs associated with patient treatment and care.

2.11 Expenditure
Expenditure represents the costs incurred by Lilongwe Institute of Orthopedics 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.

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

a) Short-term benefits
Short-term employee benefits (salaries, leave pay, allowances, and incentives) are recognised in the period in which the employees render the related services.

b) Long-term employee benefits
The Trust recognizes long-term benefits (pensions, gratuity, severance) on an accrual basis in accordance with employment contracts and local labour laws.

2.13 Foreign currencies
The financial statements are presented in Malawi Kwacha, which is the hospital's functional and presentation currency. Transactions entered into by the hospital 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.

2.14 Provisions and contingent liabilities (IAS 37)
Provisions are recognized when a present obligation exists; an outflow of resources is probable; and the amount can be reliably estimated. Contingent liabilities are disclosed but not recognized. Contingent assets are disclosed only when inflows are probable.

2.15 Income tax

The hospital 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, Trustees 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. Trade and other receivables
The hospital assesses its trade and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of income and expenditure, the hospital 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 hospital is required to test on an 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.

c. Fair values
The hospital determines the fair values of financial instruments that are quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cashflows. In that regard, the derived fair values estimates cannot always be substantiated by comparison with independent markets and in many cases may not be capable of being realised immediately.

4 PROPERTY AND EQUIPMENT

	Buildings construction in progress MWK	Hospital equipment work in progress MWK	Office equipment MWK	Furniture and Fittings MWK	Computer Equipment MWK	Motor Vehicle MWK	Land and Buildings MWK	Plant and Equipment MWK	Total MWK
Net carrying amount at 31 March 2023	**11,445,722,552**	**100,855,156**	**1,179,750**	**520,419**	-	-	-	-	**11,576,102,877**
Gross carrying amount - cost	11,445,722,552	100,855,156	1,430,000	718,000	-	-	-	-	11,576,550,708
Accumulated depreciation	-	-	(250,250)	(197,581)	-	-	-	-	(447,831)
Additions	1,473,176,763	9,233,081,694	31,801,800	15,295,500	145,348,800	98,277,719	1,428,356,061	845,190,780	13,270,529,117
Transfers	(10,828,237,378)	-	-	-	-	-	10,828,237,378	-	-
Depreciation	-	(833,126,160)	(4,325,724)	(1,441,179)	(26,522,784)	(17,689,989)	(183,848,902)	(99,029,034)	(1,165,983,772)
Net carrying amount at 31 March 2024	**2,090,661,937**	**8,500,810,690**	**28,655,826**	**14,374,740**	**118,826,016**	**98,277,719**	**12,072,744,537**	**746,161,746**	**23,652,823,222**
Gross carrying amount - cost	2,090,661,937	9,333,936,850	33,231,800	16,013,500	145,348,800	98,277,719	12,256,593,439	845,190,780	24,819,254,825
Accumulated depreciation	-	(833,126,160)	(4,575,974)	(1,638,760)	(26,522,784)	(17,689,989)	(183,848,902)	(99,029,034)	(1,166,431,603)
Additions	5,737,050,592	19,207,444	35,149,968	33,146,105	-	185,162,130	848,117,231	-	6,857,833,470
Depreciation	-	(833,655,319)	(3,582,610)	(3,979,848)	(28,682,784)	(42,686,877)	(194,054,615)	(99,029,034)	(1,205,671,087)
Net carrying amount at 31 March 2025	**7,827,712,530**	**7,686,362,815**	**60,223,184**	**43,540,997**	**90,143,232**	**223,062,983**	**12,726,807,153**	**647,132,712**	**29,304,985,605**
Gross carrying amount - cost	7,827,712,530	9,353,144,294	68,381,768	49,159,605	145,348,800	283,439,849	13,104,710,670	845,190,780	31,677,088,296
Accumulated depreciation	-	(1,666,781,479)	(8,158,584)	(5,618,608)	(55,205,568)	(60,376,866)	(377,903,517)	(198,058,068)	(2,372,102,690)

5 INTANGIBLE ASSET

Opening balance	27,825,000	27,825,000
Additions	-	-
Amortisation	-	-
Closing balance	27,825,000	27,825,000

The balance relates to a hospital management that is been developed. The software went through a testing phase and the users recommended changes that should be made by the software developers. Hence, amortisation is the software is not ready for use. The developing the software is external to the organisation.

		2025 MWK	2024 MWK
6	INVENTORIES		
	Fuel & lubricants	13,230,802	41,860,230
	Non medical stocks	94,490,784	19,874,679
	Surgical and medical stocks	67,505,375	197,995,768
		175,226,961	259,730,677
7	TRADE AND OTHER RECEIVABLES		
	Trade		
	Institutional	335,088,567	88,033,648
	Individual patients	87,465,557	-
	Allowance for credit losses	(390,091,896)	-
	Trade - net	32,462,228	88,033,648
	Staff loans	44,469,192	17,234,556
	Prepayments	3,849,782	3,700,000
	CBM Witholding tax	-	1,071,275
		80,781,202	110,039,479

The carrying value of trade and other receivables at amortised cost approximates fair value. The movement in the impairment allowance has been included in the profit or loss because debtors are currrent and expected to be corrected without default.

Impairment of trade and other receivables

The company applies the IFRS 9 simplified approach to measuring expected credit 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 credit risk and their aging.

The expected loss rates are based on the organisation's historical credit losses assessed over 30 months. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the organisation's clients. The organisation's has identified inflation, shutting down of operators, unstable monetary policies, payment history and other economic factors of the country in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors.

At 31 March 2025 the lifetime expected loss provision for trade and other receivables is as follows:

	Current MWK	More than 30 days past due MWK	More than 60 days past due MWK	More than 90 days past due MWK	Total 2025 MWK
Expected credit loss rate	0.0%	0.0%	0.0%	34.7%	
Gross carrying amount	33,353,366	84,336,154	2,145,784	302,718,820	422,554,125
Loss provision	-	-	-	105,002,992	105,002,992

	Current MWK	More than 30 days past due MWK	More than 60 days past due MWK	More than 90 days past due MWK	Total 2024 MWK
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	
Gross carrying amount	40,329,561	47,714,870	3,415,522	1,073,695	92,533,648
Loss provision	-	-	-	-	-

Movements in the impairment allowance for loan receivables are as follows:

	2025	2024
At beginning of the year	-	-
Movement during the year	105,002,992	-
Write off	285,088,904	-
At the end of the year	390,091,896	-

8 DEFERRED INCOME

	Opening Balance 2025 MWK	Cash received 2025 MWK	Utilised Received 2025 MWK	Closing Balance 2025 MWK
Grant/Donor				
Grants from Haukeland University Hospital	86,911,333	83,706,703	-	170,618,036
Grants from Christian Blind Mission	17,117,619	137,132,664	-	154,250,283
Grants from Metevas	61,601,144	1,015,548,482	593,576,855	483,572,771
Grants from OYVVIND BJO	11,237,277	-	-	11,237,277
Grants from Hope and Healing International	42,508,666	343,712,037	-	386,220,703
Total	219,376,040	1,580,099,886	593,576,855	1,205,899,071

	Opening Balance 2024 MWK	Cash received 2024 MWK	Utilised Received 2024 MWK	Closing Balance 2024 MWK
Grant/Donor				
Grants from Haukeland University Hospital	373,309,933	377,161,718	663,560,318	86,911,333
Grants from Christian Blind Mission	21,251,157	126,557,971	130,691,509	17,117,619
Grants from Metevas	-	531,920,425	470,319,281	61,601,144
Grants from OYVVIND BJO	-	11,237,277	-	11,237,277
Grants from Hope and Healing International	-	367,058,568	324,549,902	42,508,666
Total	394,561,090	1,413,935,959	1,589,121,009	219,376,040

9 OTHER PAYABLES

	2025 MWK	2024 MWK
CBM Accruals & Other Payables	532,243,690	800,650
Employee related liabilities	15,469,425	-
Provision-Visit Specialists Fee+depreciation fund	364,752,059	-
Taxes and levies	105,756,172	101,025,968
	1,018,221,346	101,826,618

10 RELATED PARTY INFORMATION

Related party	Nature of relationship
Ms Scader Louis	*Board Chairperson*
Dr Enock Ludzu	*Ex Officio Member*
Dr Gift Mulima	*Ex Officio Member*
Dr Kaweme Mwafulirwa	*Member*
Dr Samson Mndolo	*Ex Officio Member*
Mr Isaac Chiundira	*Ex Officio Member*
Mr Saulos Mhlanga	*Chairperson of Finance and Audit Committee*
Dr Aubrey H Mvula	*Chairperson of Human Resource Management Committee*
Mr Vincent Mkochi	*Member*
Prof. Kjell Matre	*Member*
Dr. Sven Young	*Secretary and Chief Executive Officer*
Dr. Boston Munthali	*Medical Director*
Mr. Patrick Chitsime	*Human Reources Director*
Ms. Rachel Jiya	*Nursing Director*
Ms Omega Mitinda	*Facility and Maintenance Director*
Mrs Hlambase Munde	*Finance Director*

		2025 MWK	2024 MWK
10.1	Compensation to key management		
	Short-term	120,154,058	76,605,499
	Long-term	11,925,674	7,660,550
		132,079,732	84,266,049

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.

11 HOSPITAL REVENUE

	2025 MWK	2024 MWK
Accident and emergency	1,040,237	-
Consultation fees	12,437,648	2,567,890
Discount allowed	(500)	(297,869)
Local lab tests	5,823,506	959,880
Minor procedures	31,914	141,915
Operating revenue	618,854,661	-
Other medical income	1,477,000	2,590,919
Other rehad services	108,028,327	-
Outpatient department	36,127,563	-
Patient bypass fees	5,323,900	490,000
Pharmacy revenue	10,453,214	688,370
Physiotherapy fees	1,895,193	2,467,305
Radiology income	99,956,271	41,974,473
Theatre procedures income	325,859,809	47,520,264
Ward visits (male ward)	6,826,482	106,246,065
Ward visits (private ward)	3,345,000	12,451,084
	1,237,480,225	217,800,296

12 GRANT AND DONATIONS INCOME

	2025 MWK	2024 MWK
Donations utilised *(refer to note 7)*	554,274,395	1,589,121,010
Donations from Islamic Health Association of Malawi	-	4,950,000
Malawi Government grant	1,231,354,642	481,292,775
NBS Bank	3,541,860	-
Donations in kind from Haukeland and Christian Blind Mission	6,365,914,452	12,762,461,496
	8,155,085,349	14,837,825,281

Government grants and donor funding are recognized only when there is reasonable assurance that the Trust will meet the grant conditions and receive the funds. Grants from the Malawi government are specifically for patients referred from public hospitals who cannot pay full hospital fees. Grants for designated purposes are recorded as deferred income and released to income as related expenses are incurred. Unused grant balances at the reporting date are shown as deferred income. No asset-related grants have been received.

		2025	2024
13	**COST OF SALES**	MWK	MWK
	Bad debts	285,088,904	4,500,000
	Expected credit loss	105,002,992	-
	Extra theatre expenditure -Hope and Healing International	84,621,625	22,750,600
	Hospital consumables	108,103,963	14,742,025
	Lab consumables	8,213,250	2,265,343
	Meal expenes (paying ward)	17,563,342	3,549,908
	Medical and surgical supplies	1,364,106,643	78,071,301
	Medical gases	188,291,160	2,748,739
	Nurses training	8,318,032	-
	Provision of doubtful debts	-	-
	Radiology consumables	7,380,000	1,782,000
	Surgoens training	35,924,040	-
	Theatre cloth, linen & bedding	-	11,156,515
	Water and electricity	404,953,689	192,105,000
		2,617,567,640	333,671,430
14	**OTHER INCOME**		
	Bid document	40,000	-
	Interest income on bank balances	5,725,622	2,222,336
	Other income payments	171,500	-
	Unrealised exchange gains	10,554,092	439,741,117
	Refunds	-	45,000
	Rent income	3,441,729	2,373,687
		19,932,943	444,382,140
15	**EXPENSES**		
15.1	**Administration expenses**		
	Accounting fees	-	500,000
	Advertising	12,224,609	4,032,647
	Audit fees	12,178,600	4,307,975
	Bank charges	10,926,478	3,033,025
	Board meeting expenses	3,610,061	965,271
	Cleaning expenses	49,953,604	30,125,196
	Corporate functions expenses	-	24,038,432
	Courier & postage	4,200	105,385
	Depreciation	1,214,014,293	1,165,983,772
	Dues and subscriptions	9,003,745	4,056,214
	Entertainment expenses	7,972,290	5,078,440
	External staff training expenses	46,512,315	15,135,309
	Freight and clearing expenses	24,563,894	22,186,444
	Balance brought foward	1,390,964,089	1,279,548,110

		2025	2024
15	EXPENSES (Cont'd)	MWK	MWK
15.1	**Administration expenses**		
	Balance carried foward	1,390,964,089	1,279,548,110
	Hip replacement camp	-	4,937,500
	Hospital equipment - donated	6,365,914,452	12,762,461,496
	Instruments and minor equipment	168,925	14,000
	Insurance & licensing	17,985,279	9,938,066
	Internal training expenses	17,444,446	17,110,580
	Internet and softwares	10,963,332	12,887,793
	Legal fees-fines & penalties	-	1,860,250
	Management consultation fees	49,160,440	27,999,377
	Management meeting expenses	12,900,335	809,439
	Office - general	4,325,912	4,248,984
	Printing and stationery	60,980,957	12,109,680
	Project expenses - Withholding taxes	-	533,978
	Software expenses	18,112,505	5,421,619
	Staff costs	524,570,404	226,883,182
	Staff recruitment cost	-	1,239,600
	Staff welfare	280,000	-
	Transport allowances	-	626,000
	Travel and accommodation	13,163,048	3,445,960
		8,486,934,124	14,372,075,614
15.2	**Program expenses**		
	Casual labour expenses	956,000	438,064
	Computer expenses	23,046,056	-
	Depreciation fund	240,000,000	-
	Doctor's consultation fees	213,441,823	17,412,526
	Education expenses	-	3,728,341
	Food ration	-	56,406,600
	Fuel	121,716,555	15,688,066
	Garden expenses	13,217,600	-
	Haukeland House operating expenses	15,135,495	-
	Insurance on equipment	-	6,291,018
	Motor vehicle expenses	2,246,950	-
	Other contracted services	-	10,422,452
	Repairs and maintenace	238,560,357	10,098,633
	Security contract expenses	62,165,856	8,994,485
	Uniforms	3,250,000	2,598,052
		933,736,692	132,078,236
16	**CASH AND CASH EQUIVALENTS**		
	Cash at bank MWK	1,000,146,512	8,864,929
	Cash at bank USD	119,340,615	1,005,930,319
		1,119,487,127	1,014,795,248

17 FINANCIAL RISK MANAGEMENT

The main risks facing the organisation are treasury risk, credit risk, exchange rate, market risk and cash flow risk.

In common with all other organisations, the entity is exposed to risks that arise from its use of financial instruments. This note describes the organisations objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the organisation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them throughout the period unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the organisation, from which financial instrument risk arises are as follows:-
a) Trade and other receivables
b) Cash and cash equivalents
c) Trade and other payables

General objectives, policies and processes
The board of trustees has overall responsibility for the determination of the company's risk management objectives and policies, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function.

18 FINANCIAL RISK MANAGEMENT

18.1 **Treasury risk**
The board of trustees, meets to consider and analyse, among other issues, currency and interest rate exposures and to re-evaluate treasury risk management strategies against prevailing economic forecasts. Compliance with organisational policies and exposure limits is reviewed at regular board meetings.

18.2 **Credit risk**
Financial assets which potentially subject the organisation to concentrations of credit risk consist mainly of trade receivables, bank balances and cash. The organisation's receivables are presented net of provision for doubtful debts where this is considered necessary. Credit risk in respect of trade debtors is limited because of the nature of the major receivables i.e. the local and foreign customers have no history of defaulting on payments.

18.3 **Exchange risk**
The organisation is exposed to foreign currency fluctuations as it accrues for United States dollar denominated payments and receipts in its business activities. It is exposed to such foreign currency fluctuations to the extent that such receipts are not matched with local currency expenditure on operations. This risk is not significant.

18.4 **Market risk**
There has been no change to the organisation's exposure to market risks or the manner in which it manages and measures the risk.

18.5 **Liquidity risk management**
Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity risk management framework for the management of the organisation's short, medium and long term funding liquidity management requirements.

The responsibility for the management of these risks lies with the Board of Trustees. The organisation manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows.

A summary of the financial instruments held by category is provided below:-

18 FINANCIAL RISK MANAGEMENT (Cont'd)

Financial assets	2025 MWK	2024 MWK
Trade and other receivables	80,781,202	110,039,479
Cash and cash equivalents	1,119,487,127	1,014,795,248
	1,200,268,329	1,124,834,728

Financial liabilities	Financial liabilities at amortised cost 2025 MWK	Financial liabilities at amortised cost 2024 MWK
Trade and other payables	1,018,221,346	101,826,618

18.6 Credit risk

Credit risk is the risk of financial loss to the organsation if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial assets which potentially subject the organisation to concentrations of credit risk consist primarily of cash and trade receivables. The organisation's cash and cash equivalents are placed with high quality financial institutions. The credit risk with respect to trade receivables is limited to contractual obligations by debtors.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below.

Financial assets	Carrying value 2025 MWK	Maximum exposure 2025 MWK	Carrying value 2024 MWK	Maximum exposure 2024 MWK
Trade and other receivables	80,781,202	80,781,202	110,039,479	110,039,479
Cash and cash equivalents	1,119,487,127	1,119,487,127	1,014,795,248	1,014,795,248
	1,200,268,329	1,200,268,329	1,124,834,728	1,124,834,728

18.7 Liquidity risk

This is the risk of insufficient liquid funds being available to cover commitments. To mitigate any liquidity risk that the organisation faces, the organisation's policy has been throughout the year ended 31 March 2025 to maintain substantial unutilisable facilities and reserves as well as significant liquid resources.

	2025		2024	
	Carrying amount MWK	Up to 1 year MWK	Carrying amount MWK	Up to 1 year MWK
Trade and other payables	1,018,221,346	1,018,221,346	101,826,620	101,826,621

19 CAPITAL EXPENDITURE COMMITMENTS

There were no capital expenditure budgeted for requiring disclosure at the end of the reporting period.

20 CONTINGENT LIABILITIES

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

		2025	2024
21	POST EMPLOYMENT BENEFITS	MWK	MWK

Pensions are provided for employees by a separate fund administered by Nico Pension to which the company and

	2025	2024
Company contribution	13,473,296	9,373,988

22 EXCHANGE RATES AND INFLATION

The average of the year-end buying and selling rates of the major foreign currencies affecting the performance of the

Exchange rates:

	2025	2024
Kwacha / USD	1749.85	1,733.86
Kwacha / Euro	1878.51	1,951.96
Inflation rate %	30.50%	33.20%

At the time of signing the financial statements the exchange rates were as f

	2025	2024
Kwacha / USD	1750.79	1,734.01
Kwacha / Euro	2188.91	1,876.41

23 EVENTS AFTER THE REPORTING PERIOD

23 **Approval of the financial statements**
These financial statements were approved by the Board of Trustees 30 April 2026

23 **Adjusting events after reporting period**
There were no other significant events after reporting date which necessitated disclosure or adjusting to the financial