THEATRE FOR A CHANGE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

BDO

THEATRE FOR A CHANGE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THEATRE FOR A CHANGE

ORGANISATION REGISTRATION NO : C429/2009

NATURE OF OPERATIONS	To improve the sexual and reproductive health and rights of women and girls who have been marginalised, using participatory learning and drama.	
BOARD OF DIRECTORS	Robert Ngaiyaye	*Board Chair*
	Dr. Charles Mazinga	*Programmes*
	Janet Botha	*Programmes*
	Mary Ching'ang'a	*Finance Lead*
	Fiona Morrell	*Executive Director*
	Dr. Ben Kaneka	*Safeguarding Focal person*
	Donard Makwakwa	*Programmes*
	Blazius Kwakwala	*Human Resource Lead*
	Lusungu Kalanga	*Safeguarding*
	Emmaculate Maluza	*Law Expert*

REGISTERED OFFICE

Plot 3/559
Likuni Road
Area 3, Lilongwe
LILONGWE

BANKERS

Standard Bank
P.O. Box 30380
Capital City
LILONGWE 3

AUDITORS

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

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THEATRE FOR A CHANGE

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required by Non Governmental Organisation Act No. 3 of 2001 and the Companies Act No.15 of 2013, 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 Finacial Reporting Standards.

The Directors 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 Directors 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 Directors 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 Directors 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 2 to 3.

The financial statements set out on pages 4 to 14, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:-

Robert Ngaiyaye
Board Chairman

Mary Ching'ang'a
Treasurer

16 August 2023

BDO

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Victoria Avenue
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REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF

THEATRE FOR A CHANGE

Opinion

We have audited the financial statements of **THEATRE FOR A CHANGE** set out on pages 4 to 17, which comprise the statement of financial position as at 31 March 2023, the statement of income and expenditure, the statement of cash flows for the year 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 **THEATRE FOR A CHANGE** as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by Companies Act No.15 of 2013.

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 organisation 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 directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by Companies Act No.15 of 2013 and for such internal control as the directors 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 directors 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 directors either intend to liquidate the organisation 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 directors' 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 directors 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 directors 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.

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

Blantyre
16 August 2023

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

THEATRE FOR A CHANGE

STATEMENT OF FINANCIAL POSITION
as at 31 March 2023

ASSETS	Note	2023 MWK	2022 MWK
Current assets			
Account and other receivables	4	7,917,526	1,988,617
Cash and cash equivalents		23,256,255	58,173,508
		31,173,781	60,162,125
Total assets		**31,173,781**	**60,162,125**
FUNDS AND LIABILITIES			
Funds			
Restricted funds	5	14,004,265	16,224,581
Unrestricted funds		1,547,149	480,167
		15,551,414	16,704,748
Current liabilities			
Related party payable	6.2	11,704,616	24,052,616
Trade and other payables	7	3,917,751	19,404,761
		15,622,367	43,457,377
Total funds and liabilities		**31,173,781**	**60,162,125**

The financial statements were authorised for issue by the Board of Directors on 16 August 2023 and signed on its behalf by:-

Robert Ngaiyaye
Board Chairman

Mary Ching'ang'a
Treasurer

STATEMENT OF INCOME AND EXPENDITURE
for the year ended 31 March 2023

	Note	2023 MWK	2022 MWK
Revenue	8	741,096,127	813,605,977
Other income	8.1	20,104,052	10,156,156
Total Income		**761,200,179**	**823,762,133**
Expenditure			
Operating expenses	9	762,353,513	808,412,557
Total expenditure		**762,353,513**	**808,412,557**
(Deficit)/surplus for the year		**(1,153,334)**	**15,349,576**

STATEMENT OF CHANGES IN FUNDS
for the year ended 31 March 2023

	Restricted funds MWK	Unrestricted funds MWK	Total MWK
Balance as at 31 March 2021	7,247,470	(5,892,298)	1,355,172
Surplus for the year	-	15,349,576	15,349,576
Transfer from unrestricted to restricted funds	8,977,111	(8,977,111)	-
Balance as at 1 April 2022	**16,224,581**	**480,167**	**16,704,748**
Deficit for the year	-	(1,153,334)	(1,153,334)
Transfer from unrestricted to restricted funds	(2,220,316)	2,220,316	-
Balance as at 31 March 2023	**14,004,265**	**1,547,149**	**15,551,414**

STATEMENT OF CASH FLOWS
for the year ended 31 March 2023

	Note	2023 MWK	2022 MWK
Cash flows from operating activities			
(Deficit)/surplus for the year		(1,153,334)	15,349,576
		(1,153,334)	15,349,576
Movements in working capital			
Increase in trade and other receivables		(5,928,909)	(1,488,338)
(Decrease)/increase in trade and other payables		(15,487,010)	4,927,378
(Decrease)/increase in related party payables		(12,348,000)	24,028,887
Cash flows generated from operating activities		(34,917,253)	42,817,503
(Decrease)/increase in cash and cash equivalents		(34,917,253)	42,817,503
Cash and cash equivalents at beginning of the year		58,173,508	15,356,005
Cash and cash equivalents at end of the year	10	23,256,255	58,173,508

1. GENERAL INFORMATION

1.1 Nature of operations
Theatre For a Change is registered as a non-profit entity in Malawi with the mission to improve the sexual and reproductive health and rights of women and girls who have been marginalised, using participatory learning and drama. The registered offices are situated along Likuni Road, Plot 3/559, Area 3, Lilongwe in Malawi.

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

2 ACCOUNTING POLICIES

2.1 Basis of preparation
The principal accounting policies adopted in the preparation of financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

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

The financial statements of Theatre for A Change have been prepared in accordance with Non-Governmental Organisations Act No.3 of 2001, and the Company's Act No.15 Of 2013. 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 Theatre for A Change financial statements.

2.1.1 Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2022 and their impact

The new standards, interpretations and amendments to standards that had been issued by IASB and took effects from 1 January 2022:

(i) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37).
(ii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
(iii) Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);

The entity applied these standards and amendments for the first-time, which are effective for annual periods beginning on or after 1 January 2022. These new amendments and interpretations issued by the IASB, have had no material effect on the entity's financial statements.

(i) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and

- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Entity, prior to the application of the amendments, did not have any onerous contracts.
As a result of the amendments, certain other directly related costs have now been included by the Entity in determining the costs of fulfilling the contracts. The Entity has therefore recognised an additional onerous contract provision as at 1 January 2022. In accordance with the transitional provisions, the Entity applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

ii. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the year-end consolidated financial statements of the Entity as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

iii. Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1 and IFRS 9);

- The amendment in IFRS 9 clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

iii. References to Conceptual Framework (Amendments to IFRS 3);

IFRS 3:11 amended to refer to the – 2018 version of the Conceptual Framework for Financial Reporting. IFRS 3 has also been amended in respect of the specific requirements for transactions and other events within the scope of IAS 37 or IFRIC 21: For a provision or contingent liability that would be within the scope of IAS 37, the acquirer shall apply IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21, the acquirer shall apply IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred at the acquisition date.
The acquirer shall not recognise a contingent asset at the acquisition date.

a) ***New standards, interpretations and amendments not yet effective***

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 Entity has decided not to adopt early. These amendments are effective for the periods beginning on or after 1 January 2023. The entity has not carried an assessment of whether the new standards and amendments will have a material impact on its financial statements.

The following amendments are effective for periods beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and

- Insurance Contracts (IFRS 17).

The following amendments are effective for periods beginning 1 January 2024:
- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

The Entity is currently assessing the impact of these new accounting standards and amendments. The Entity does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

The Entity does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Entity.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.
- Further amendments explain how an entity can identify a material accounting policy.
- Examples of when an accounting policy is likely to be material are added.
- To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1).
- In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current.
- The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.
- The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument.
- The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

Definition of Accounting Estimates (Amendments to IAS 8)

- The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

- The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)
The International Accounting Standards Board (IASB) issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures 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. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application being permitted.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments further clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The company is currently assessing the impact of the amendments.

2.2 Property and equipment
Property and equipment purchased are expensed in full in the year of acquisition. Property and equipment purchased remain the property of the donor and are subject to donor stipulations.

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 organisation becomes a party to the contractual provisions of the instruments. They are subsequently measured at nominal value less provision for impairment.

2.3 Financial instruments (cont'd)

2.3.1 Financial assets (cont'd)

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 organisation 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.

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 from contracts with customers

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.

2.5 Revenue from contracts with customers (cont'd)

(a) Grants and donations
Grants and donations received, including unconditional promises to give, if any, are reported at their net realisable values. Gifts of cash and other assets are reported if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Grants with the donor-imposed restrictions that are met in the same accounting period are recorded as income without donor restrictions.

Grants of donated non-cash assets are recorded at their fair values in the period received. Grants of services are recorded if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions are nonexchange transactions in which no commensurate value is exchanged.

Grants are recognised as support without restrictions only to the extent of actual expenses incurred in compliance with grantor-imposed restrictions.

(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 Theatre for A Change. 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.

2.8 Related parties
Transactions with related parties are at arm's length basis. Amounts outstanding from/to related parties are unsecured and will be settled in cash.

Transactions between Theatre for A change and Theatre for A Change UK are recorded as intercompany transactions. These includes funds received from Head Office as well as payments made on behalf of other offices.

2.9 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.

2.9 Financial instruments and credit risk (cont'd)

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 organisation ensures that its net exposure is kept to an acceptable level by careful monitoring of exchange rates.

2.10 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 movement in 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.

2.11 Income tax

The organisation is exempt from paying income tax as 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.

	2023	2022
4 TRADE AND OTHER RECEIVABLES	MWK	MWK
Trade receivables	7,830,795	968,500
Allowance for credit losses	-	-
Trade receivables - net	7,830,795	968,500
Other	86,731	1,020,117
Trade and other receivables	7,917,526	1,988,617

5 RESTRICTED FUNDS

Restricted funds are raised on the basis of an agreement or understanding with the donors that their use will be restricted to certain specific projects, activities or areas of operation. These restricted funds are accounted for seperately.

	2023	2022
Deutsche Gesellschaft fur Internationale Zusammenarbeit	(4,750,477)	10,211,460
Mobile Health Clinic	3,190,194	24,279
Leave No Girl Behind	8,467,615	1,688,144
Ifenso -Tides	7,096,932	4,300,698
	14,004,265	16,224,581

6 RELATED PARTY INFORMATION

Related party	Nature of relationship
Theatre for a change UK	Head office
Robert Ngaiyaye	Director
Dr. Charles Mazinga	Director
Fiona Morrell	Director
Janet Botha	Director
Mary Ching'ang'a	Director
Dr. Ben Kaneka	Director
Donard Makwakwa	Director
Blazius Kwakwala	Director
Lusungu Kalanga	Director
Emmaculate Maluza	Director

6.1 Transactions with related parties

The aggregate amount brought to account in respect of the following type of transactions and each class of related party involved were:-

6.2 Related party payable

Related party payable	Nature of transaction	2023	2022
Theatre for a change UK	Operationg expense	11,704,616	24,052,616

Transactions with related parties are at arms length. Amounts outstanding are unsecured and will be settled in cash.

6.3 Compensation to key management

	2023	2022
Short-term	39,262,266	52,240,867
Long-term	8,357,071	6,294,763
	47,619,337	58,535,630

The remuneration of directors 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 company.

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

		2023 MWK	2022 MWK
7	**TRADE AND OTHER PAYABLES**		
	Trade payables	2,680,789	10,577,434
	Other	1,236,962	8,827,327
		3,917,751	19,404,761
8	**REVENUE**		
	Grants	741,096,127	813,605,977
8.1	**OTHER INCOME**		
	Miscellaneous income	13,904,052	5,426,156
	Rental income	6,200,000	4,730,000
		20,104,052	10,156,156
9	**OPERATING EXPENSES**		
	Accomodation and venue hire	27,094,661	9,778,570
	Audit Fees	2,953,475	-
	Allowances	77,820,482	42,171,064
	Board expenses	2,685,930	-
	Capacity building staff	1,992,200	1,370,125
	Cleaning and pest control	8,000	40,775
	Communication expenses	39,476,614	36,118,394
	Computer maintenance	7,686,550	11,468,365
	Consulting and professional fees	11,041,462	6,841,150
	Direct project costs	3,029,112	210,060,879
	Electricity and generator fuel	700,000	950,000
	Grour training costs- participants	481,975	-
	Gross pay salary	328,341,608	307,236,026
	Exchange loss	91,534	532,077
	Finance costs	4,515,121	5,427,240
	Fuel	21,119,032	21,554,456
	Local and international travel	43,905,576	28,518,748
	Newspaper and publications	465,350	804,000
	Office and overhead expenses	5,220,806	10,551,955
	Other staff costs - funeral	3,859,929	617,000
	Part time staff cost	12,860,844	-
	Radio expenses	9,845,813	6,077,173
	Refreshments	11,231,569	476,051
	Rent and rates	19,190,823	11,082,160
	Repairs and maintenance	9,459,958	8,071,199
	Security	11,180,330	10,302,105
	Stipends	35,836,000	49,499,500
	Supplies and procurements	56,574,635	19,747,437
	Tevet levy	2,572,408	2,404,386
	Vehicle expenses	10,029,081	5,636,591
	Vehicle expenses recharge	428,893	531,459
	Water	653,743	543,672
		762,353,513	808,412,557

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

	2023	2022
10 CASH AND CASH EQUIVALENTS	MWK	MWK
Cash and cash equivalents for purposes of the statement of cash flows comprises:-		
Cash at bank MWK	21,244,258	48,375,458
Cash at bank GBP	148,912	8,459,965
Cash at bank EURO	703,084	338,083
Cash on hand	1,160,000	1,000,002
	23,256,255	58,173,508

11 CONTINGENT LIABILITIES

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

12 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.

Exchange rates:

	2023	2022
Kwacha / GBP	1,151.64	1,072.39
Kwacha / Euro	1,309.06	945.49
Inflation rate %	27%	11.1%

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

Kwacha / GBP	1,376.27	1,128.40
Kwacha / Euro	1,182.04	990.27

13 EVENTS AFTER THE REPORTING DATE

13.1 Approval of the financial statements

These financial statements were approved by the the Board of Directors on 16 August 2023.

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