



ANNUAL REPORT 2017



MALAWI
TOURISM COUNCIL

The Official Tourism Private Sector Voice in Malawi

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CHAIRPERSON'S STATEMENT



Oswald Bwemba

It gives me great pleasure to give a report on the performance of the Malawi Tourism Council for the 2017 financial year. Considering where the Council is coming from, I can confidently report that the Council is now on the right track in as far as its strategic positioning as an official representative of the Tourism Private Sector in Malawi. When this current Board of Trustees was elected in June, 2017 the Secretariat had no leadership and it was difficult to figure out how the Board was going to continue operating without a Secretariat and meet the expectations of the members.

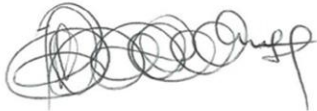
The year 2017, therefore, started on a low note as the Council had still not managed to recruit an Executive Director to head the Secretariat and drive implementation of the Board's decision in earnest. However, come August, 2017 the Board recruited an Executive Director who signed a two year contract from the 7th August, 2017 to 8th August, 2019.

With the coming of the Executive Director, the Council was able to effectively participate in the first ever Takulandirani Malawi International Tourism Expo which was held at Bingu International Convention Centre (BICC) in Lilongwe from 30th August, to 1st September, 2017.

In September, 2017 the Secretariat recruited a Finance and Administrative Officer, following by a Membership and Communications Officer in mid-October, 2017. The Secretariat now has four members of staff including the Office Assistant.

With this team, we have witnessed a number of positive developments, namely, setting up offinancial and administrative systems and procedures in the Secretariat to ensure there is transparency and accountability in whatever transactions are taking place; awareness campaign and enforcement of Membership subscription fees; timely production of monthly Management Accounts; Quarterly Board Meetings; and the signing of a Memorandum of Understanding withour Cooperating Partners GIZ-MIERA Project (Tourism component) and the donation of three (3) laptops and one (1) heavy duty printer, in June 2017, are some of the positive developments the Council has witnessed.

I am hopeful that with the support of all our members in the various sub-sectors, and my fellow Trustees on the Board, the trend will continue to improve. May I urge each and everyone of us to work with and through the Council as we are laying a foundation for the Secretariat and strategically reposition the Council to enable it deliver on its mandate and ensure the expected benefits to the industry are realized.

A handwritten signature in black ink, consisting of several loops and a final flourish.

.....
Oswald Bwemba
Chairperson

EXECUTIVE DIRECTOR'S REPORT



Elsie M Tembo

► ECONOMIC ENVIRONMENT

OVERVIEW FOR WORLD TOURISM TRENDS

World Tourism Performance in 2017

The United Nations designated 2017 the year of Sustainable Tourism for Development. As one of the world's largest economic sectors, Travel and Tourism creates jobs, drives exports, and generates prosperity across the world. The international year provides an enormous opportunity to further showcase the tremendous economic, social, cultural, environmental, and heritage value that the sector can bring.

Despite the ever-increasing and unpredictable shocks from terrorist attacks and political instability, to health pandemics and natural disasters, Travel and Tourism continued to show its resilience and international tourist arrivals grew by a remarkable 7 percent in 2017, to reach a total of 1,322 million, according to the latest UNWTO World Tourism Barometer. This strong momentum is expected to continue in 2018 at a rate of 4-5 percent. Based on data reported by destinations around the world, it is

estimated that international tourist arrivals (overnight visitors) worldwide increased by 7 percent in 2017. This is well above the sustained and consistent trend of 4 percent or higher growth since 2010 and represents the strongest results in seven years.

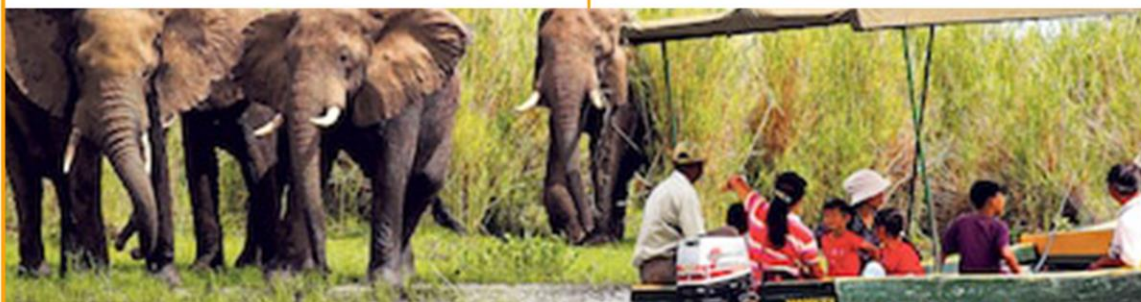
2017 was characterized by sustained growth in many destinations and a firm recovery in those that suffered decreases in previous years. Results were partly shaped by the global economic upswing and the robust outbound demand from many traditional and emerging source markets, particularly, a rebound in tourism spending from Brazil and the Russian Federation after a few years of declines

International travel continues to grow strongly, consolidating the tourism sector as a key driver in economic development. As the third export sector in the world, tourism is essential for job creation and the prosperity of communities around the world. Yet, as we continue to grow we must work closer together to ensure this growth benefits every member of every host community, and is in line with the Sustainable Development Goals.

PROSPECTS FOR 2018

The current strong momentum is expected to continue in 2018, though at a more sustainable pace after eight years of steady expansion following the 2009 economic and financial crisis. Based on current trends, economic prospects and the outlook by the UNWTO Panel of Experts, UNWTO projects international tourist arrivals worldwide to grow at a rate of 4-5 percent in 2018. This is somewhat above the 3.8 percent average increase projected for the period 2010 - 2020 by UNWTO in its Tourism Towards 2030 long-term forecast. Europe and America are both expected to grow by 3.5 to 4.5 percent. Asia and the Pacific by 5 percent to 6 percent, Africa by 5 to 7 percent,

and the Middle East by 4 to 6 percent. Based on available data for Africa, growth in 2017 is estimated at 8 percent. The region consolidated its 2016 rebound and reached a record 62 million international arrivals. North Africa enjoyed a strong recovery with arrivals growing by 13 percent, while in Sub-Saharan Africa arrivals increased by 5 percent. (Source: UNWTO World Tourism Barometer– Volume 16 – Advance Release January, 2018).



2016 Tourism Performance for Malawi

The global success for Travel and Tourism means that there are great opportunities in the sector that Malawi can exploit. WTTC reported that the sector's direct contribution locally, currently stands at MWK 138 billion, representing 3.4 percent of total GDP. Malawi anticipates that this will rise by 4.9 percent per annum in the next ten (10) years. In terms of total GDP contribution, the sector was responsible for MWK 289 billion, about 7.2 percent. This is forecast to rise by 5 percent in the next ten (10) years. About 217,000 jobs were directly contributed by the sector. If jobs that were induced by the sector are also taken into account, the figure reaches 417,000 translating to 6.2 percent of total jobs. This trend is expected to rise by 3.2 percent in 2017 and 3.2 percent per annum in 2027.

According to the National Statistical Office (NSO) Malawi received about 804,000 visitors, through which it generated MWK 23 billion visitor exports. This represents 1.6 percent of total exports in 2016. This is forecast to grow by 4.9 percent in 2017. And grow by 2.8 percent per annum from 2017 to 2027. The sector also contributed 4 percent of total investments, accounting for MWK 20.4 billion. This should rise by 3.7 percent in 2017, and 4 percent per annum over the next ten (10) years.

Major Tourism Developments In the 2017 Financial Year

2017 Year has seen the recognition of tourism as one of the key priority sectors that has the capacity to drive socio-economic development in Malawi. For the first time Tourism has appeared on the priority of priorities list of Government national development agenda in the Malawi Growth and Development Strategy (III).

Government continues to market Malawi in five (5) key source markets in Europe, Asia and Africa. The source markets include: United Kingdom, Germany, Holland, China, and South Africa. Other markets with potential include: USA, Australia, Italy, France and Russia. Some 25 local operators have been linked to international operators and some tour operators in Europe are packaging Malawi as a tourist destination in their product portfolio.



Government has facilitated development of other new hospitality establishments, such as, eco-lodges in protected areas and has initiated the development of public beaches along the lake, starting with Salima where some piece of land has already been identified. Similar projects on public beaches is expected to be implemented in Nkhata-bay and Mangochi districts, and plans are underway to identify land. Once these projects are realized, they will ease access challenges to the public beaches along the lake by both local and international tourists, thereby, reducing and or eradicating the conflict that usually ensues during festive season between the public and hotel and lodge owners along the lake. The project is expected to create jobs and business opportunities for local communities during the construction and operational phases.

Finalization of drafting the National Tourism Policy by Government is another milestone worthy taking note of, as it will finally provide guidance to the sector for all players and create an enabling environment for the development, regulation, and promotion of a sustainable tourism sector which will enhance tourist experience and satisfaction whilst improving the socio-economic wellbeing and maintaining the cultural identity of local communities.

In order to ensure quality is not compromised, Government has continued to carry out inspections of accommodation units and restaurants across the country. In addition, grading for accommodation units is now mandatory to ensure improved service delivery in the hospitality industry.

Challenges and Constraints in the Tourism Sector

Challenges continue to be part and parcel of the package and these include: Lack of Budget allocation for Destination Marketing by Government; Lack of readily available land for tourism investment; Limited and unclear, uncompetitive tourism investment incentives; Lack of access to finance; High VISA fees and lack of e-Visa processing platform; Inadequate supporting infrastructure and services; lack of seamless flights from regional hubs; Limited and costly domestic air connectivity; Unreliable facilities for ground transfers such as, shuttles, taxis, luxury coaches, ships and water vessels; and Gaps in service delivery in other sectors, such as, health, ICT, and financial sectors that affect tourism growth.

The Council's Financial Performance for Year 2017

The 2017 Budget figures for Income and Expenditure are as presented in the Audited Financial Statements in this report. Suffice to mention that the absence of leadership in the Secretariat for close to two (2) years has had its negative effects on the operations of the Council let alone the Budget for both inflows and outflows. The projected in-flows, therefore, could be over and/or under-estimated for the year 2017 due to lack of a reliable and consolidated financial and membership records. Moving forward, actual total inflows figure was K18,629,830.00 against the budget of K33,616,250.00; while the actual outflows were at K13,826,857.00 against the approved outflow budget of K30,688,000.00. However the year under review has some positives that need to be acknowledged and these include a decrease on the payables from K9,195,915 in 2016 to K5,462,639 in 2017, growth on inflows from K15,920,374 in 2016 to K18,629,830 in 2017; a surplus of K4,737,973 was realised as compared to K3,771,787 in

2016; and a net equity of (K4,511,385) from (K9,249,358). The General Assembly may wish to note that salaries have increased due to the recruitment of the Executive Director and two other members of staff, namely, the Finance and Administration Officer, and Membership and Communication Officer.

Budgeting Process for 2018 Malawi Tourism Council Budget

The 2018 budgeting process has been a challenge, mainly due to gaps in information on key operational areas in the Secretariat. The Secretariat has, however, managed to surmount the challenge and has formulated a 2018 Budget. The focus during the process has been on how to raise enough in-flows from members, and other activities in order for the Council to meet its obligations. The actual numbers of registered members for each category could not be established during the budget estimates formulation for 2018 financial year.

With regard to expenditure, the cost of goods and services continue to be on the rise due to inflationary factors being experienced globally. This trend is likely continue despite the fact the inflation figures suggest a downward trend.

In view of the above, the 2018 in-flows budget estimates have been prepared based on the following budget assumptions: -

- (a) The membership to the Council as a condition for a tourism enterprise license effective 1st July, 2017 is likely to increase the number of paid up members for the year 2018. Hence, high returns are expected to be collected under subscription inflow budget line.
- (b) The revised rates for members whose current subscription level is above MK 100,000.00 per year, is likely to increase inflows for the year.
- (c) The Secretariat's Core staff will be

strengthened if the Council is to deliver on its mandate. At least two (2) more members of staff will be required.

(d) That Membership sensitization campaigns will continue to be carried out by the Secretariat through visitation to operators' facilities and media coverage will be intensified.

(e) That the signing of a Memorandum of Understanding with the Government of Malawi will be done and, therefore, strengthen the source of authority for Malawi Tourism Council's operations as the Council collaborates with Government Ministries, Departments and Agencies (MDAs) in the field of Tourism, especially now the Tourism has been included in the top list of priority areas of Government Plans and Actions through the Malawi Growth and Development Strategy (MGDS) III.

(f) The signing of a Memorandum of Understanding with GIZ-MIERA Project was yet another milestone that will enhance the activities of Malawi Tourism Council in the year 2018 and beyond.



GIZ-MIERA and MTC Officials at the signing of MOU

(g) The upcoming project called "Promoting Investment and Competitiveness in the Tourism Sector" to be supported by African Development Bank (AfDB) which will be coordinated by the Department of Tourism and implemented for four (4) years by four (4) institutions including Malawi Tourism Council from 2018 to 2021. The Project cost is UA7.0 million. MTC's main area of involvement will be SUB-COMPONENT 22:

Promote business enabling environment and enterprise development for youth and women in the tourism sector. The objective of this component is to promote a conducive business environment for the development of SMEs in the tourism sector with a view to capacitate youth and women to invest and manage businesses in the tourism sector.

The projected in-flows for 2018 amounting to MK 133, 790, 342.00 are based on the assumptions highlighted above. However, the budget has assumed a medium-term projected performance framework for both Inflows and Outflows for three (3) years. A 15 percent increase has been factored in, on the Outflows side for the next two (2) years beyond 2018. On the In-flows side, the increase projected on the budget for two years beyond 2018 that has been factored is 10 percent as expected upward adjustment of subscription fees for selected categories of members.

The total expenditure is projected at MK 122, 224, 919.00 for 2018 financial year. Staff remuneration is at MK 50,066,809.00 following the anticipated recruitment of the three more officers and salary arrears incurred in 2017. The positions that need to be created and filled in the year have been budgeted for in the 2018 budget estimates. Office expenses are projected at MK 37,410,689.00. This is due to the current high cost of goods and services. Board expenses are projected at MK 20,780,000.00 for the 2018 year. For Capital Formation, a provision of K13,967,421.00 has been allocated to cater for the much needed office vehicle, office furniture and fittings, office equipment, and start up activities for acquisition of property for the Council. The anticipated surplus for the financial year 2018, is projected at MK 11,745, 423.00.



Achievements for the Year under Review

The following are the achievements during the period under review:-

- Production of Audited Accounts for 2016 financial year which were presented at the last Annual General Meeting in June, 2017
- Participation in the organization of the first ever Tourism Conference in Malawi which was spearheaded by the Ministry of Industry, Trade and Tourism and was held on 6th April, 2017 at Sunbird Capital Hotel in Lilongwe;
- Recruitment of the Executive Director to provide leadership in the Council's Secretariat on 7th August, 2017;
- Recruitment of the Finance and Administrative Officer to set up financial and administrative systems in the Secretariat to ensure financial prudence, transparency and accountability on 28th August, 2017;
- Participation in the first ever Takulandirani 2017 Malawi International Tourism Expo held from 30th August, to 1st September, 2017 at the BICC, in Lilongwe as Government's major partner;
- Participation in the Sanganai International Tourism Expo held in Bulawayo, Zimbabwe from 27th September, to 1st October, 2017;
- Recruitment of the Membership and Communication Officer to ensure a proper membership database for the Council is established and members are informed of the activities of the Council on 17th October, 2017;
- Participation in the African Development Bank (AfDB) Appraisal Mission meetings, and the follow-up negotiation meetings which culminated into the signing of the Protocol Agreement for a UA7.0 million grant to Malawi Tourism Sector for a four (4) year project – "Promoting Investment and Competitiveness in the Tourism Sector" (PICTS). The project period is 2018-2022 and has commenced.
- Moved the Secretariat offices from Madidi Lodge in Area 9, Lilongwe to the Presidential Villas along the Presidential Way in Lilongwe courtesy of Umodzi Park Resorts;
- Signed a Memorandum of Understanding with GIZ-MIERA on various activities in the field of Tourism on 20th November, 2017;
- Organized a high-level end of year fundraising dinner on 8th December, 2017 at Ufulu Gardens Hotel in Lilongwe.
- Held the four quarter and last board meeting on 21st December, 2017 where the 2018 Budget was approved.
- The Council's membership was 120 as at 31st December, 2017. For details see Appendix 1.

Acknowledgement and Appreciation

The achievements of MTC mentioned in this report could not have been realized had it not been for the support of the Board of Trustees of the Malawi Tourism Council; the Ministry of Industry, Trade and Tourism through the Department of Tourism; the staunch members of the Council who have supported the Council over the years through various means including voluntary payment of annual subscription fees to ensure the Secretariat was functional; and the new members that responded to the resolution of the Tourism and Hotels Board (THB) to make membership to the Council, a condition for licensing of tourism enterprises in the country. We also wish to express our profound gratitude and appreciation to Umodzi Park Resorts for the complimentary office space provided to the Council's Secretariat, and various public and private institutions we may not be able to list in this report, that have positively contributed to the achievements of the Council during the year under review.

We appreciate your tips and advice on various issues, your involvement to make things work in the Secretariat and your moral support and sense of belonging to the Council. We salute you for the kind gesture .



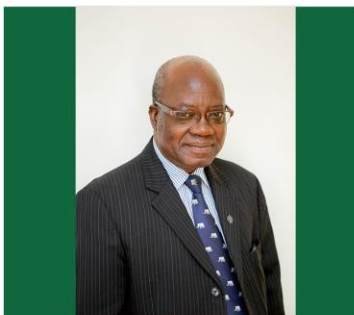
Know Your Board Trustees



Chairman: Oswald Bwemba

► Directors

The current Board was elected in June, 2017 for two years to 2019. The composition is as follows:-



Human Resource & Operations Committee: Ken Banda



Vice Board Chairperson: Rollings Moyo



Chairperson-Finance & Resource Mobilisation: David Nkhwazi



Ex Official Trustee
Director of Tourism:
Isaac Katopola



Trustee: Yvonne Masikini



Trustee: Eveline Sibindi



Trustee: Florentine Kabefu



Trustee: Jam Kaunda

MTC Profile



Newly Elected board of directors for MTC



Powers of the Board

MTC is a non-profit TRUST incorporated under the Trustees Incorporation Act on 13th December, 2012. MTC is headed by a Board of Trustees and works through an elected Board of non-Executive Directors representative of the Tourism Industry. In terms of Section 8 of its Constitution the Board has powers to:-

- Raise funds and to invite and receive contributions provided that in raising funds the Executive Committee shall not undertake any substantial permanent trading activities and shall conform to any relevant requirements of the law;
- Buy, take on lease or in exchange any property necessary for the achievement of the objects and to maintain and equip it for use;
- Power subject to any consents required by law to sell, lease or dispose of all or any part of the property of the Council;
- Power subject to any consents required by law to borrow money, to charge all or any part of the property of the Council with repayment of the money so borrowed;
- Employ such staff (who shall not be members of the Executive Committee) as are necessary for the proper pursuit of the objects and to make all reasonable and necessary provision for the payment of pensions and superannuation for staff and their dependants as the case may be;
- Power to co-operate with other Associations, voluntary bodies and statutory authorities operating in furtherance of the objects or of similar purposes and to exchange information and advice with them;
- Power to appoint and constitute such advisory committees as is necessary to achieve the Council's objects.
- Power to do all such other lawful things as is necessary for the achievement of the objects.

Main Functions of the Board

■ To advise, advocate, and lobby with Government and other relevant authorities on policy matters; and ensure creation of a favourable and all inclusive legislative, fiscal and physical environment for the sustainable development and growth of the tourism

■ To promote sustainable development of a quality and competitive tourism industry that meets the needs of its members, customers, investors, and employees; and respects the environment and communities in all respects, through effective and efficient provision of professional guidance; coordination between and among sub-sector associations; and linkages between the association and the government and other stakeholders

To achieve the above functions, the Board set up two main committees, namely, Finance and Resource Mobilization Committee which is responsible for all financial and resource mobilization matters, including preparation of budgets, audit, and resource mobilization in various forms; and Human Resource and operations committee which is responsible for all Human resources matters, i.e. recruitment, remuneration, condition of service, general administration and operational matters. Membership of the Committees is as follows:-

- Finance and Resource Mobilization Committee

- David Nkhwazi Chairperson
- Yvonne Masikini Member
- Jam Kaunda Member
- Isaac Katopola Member

- Human Resources and Operations Committee

- Ken Banda Chairperson
- Rollings Moyo Member
- Eveline Sibindi Member
- Florentine Kabefu Member

- Secretariat



Executive Director: Elsie M Tembo

The Secretariat is headed by an Executive Director and has the following Departments: Finance and Membership; Research and Communication; and Office Services. In total the Secretariat has four (4) members of staff.



*Membership and Communications
Officer: Tilius Phiri*



*Finance & Administration
Officer: Peter Manda*



Office Assistant: Chris Mitanga

Gallery



Group Photo of all the delegates at the 2016 AGM



German Embassy Representative making her speech at the 2016 AGM



GIZ officials during the 2016 AGM



MTC board chair & GIZMIERA officials sharing tips over a cup of tea



GIZ MERA & MTC at the signing of MOU



Handing over of IT equipment to MTC



2016 AGM in Session



Former Board Chairperson of MTC making her Speech

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2017**

Statement of Trustees Responsibilities

The Board of Trustees of Malawi Tourism Council (MTC) is required to prepare financial statements for each year which give a true and fair view of the state of affairs of the Council at the end of the financial year and of the operating results for that year.

The MTC Board of Trustees is also required to ensure that the Council keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council and enable them to ensure that the financial statements comply with the Accounting policies of the Council.

In preparing the financial statements the MTC Management accept responsibility for the following:

In preparing the financial statements the MTC Management accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards, when preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- Preparation of financial statements on a going concern basis.

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

The Trustees is of the opinion that the financial statements for the period ended 31 December 2017, which appear on pages 6 to 20, give a true and fair value of the state of the financial affairs of the Council and of its operating results for the year ended on that date..

The MTC Management have approved the accompanying financial statements onand are signed on its behalf by:

Chairman_____

Date_____

Treasurer_____

Date_____

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALAWI TOURISM COUNCIL

Opinion

We have audited the financial statements of Malawi Tourism Council, which comprise the statement of financial position as at 31 December 2017, and the Income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

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 Malawi Tourism Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of the Matter

We draw attention that the financial statements have been prepared on a going concern basis. The ability of the Council to continue its activities is dependent upon continued support of its subscribers as well as continued generation of operating cash flows to ensure availability of funds to meet its commitments. As at 31 December 2017 the total liabilities of Council exceeded the total assets by MWK 4,511,385 (2016: MWK 9,249,358). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Council's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Council'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 management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

responsible for the direction, supervision and performance of the Council's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public internal benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the Trustee's Incorporation Act 1962

The Council has complied with the requirements of the Act.

The engagement partner on the audit resulting in this independent auditor's report is **Peter Alick Kamange CA (M)**

KCC Finance Associates
Lilongwe, Malawi

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Report on Other Legal and Regulatory Requirements

Compliance with the Trustee's Incorporation Act 1962

The Council has complied with the requirements of the Act.

The engagement partner on the audit resulting in this independent auditor's report is **Peter Alick Kamange CA (M)**

KCC Finance Associates
Lilongwe, Malawi

	Note	2017 MWK	2016 MWK
Income	3	18,629,830	15,920,374
Expenditure	4	(13,891,857)	(12,148,587)
		-----	-----
Surplus for the year		<u>4,737,973</u>	<u>3,771,787</u>

	Note	2017 MWK	2016 MWK
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	325,000	390,000
Current Assets			
Bank and cash balance	6	663,237	304,839
Staff advances	7	184,018	129,018
		-----	-----
Total current assets		847,225	433,857
		-----	-----
TOTAL ASSETS		<u>1,172,255</u>	<u>823,857</u>
EQUITY AND LIABILITIES			
Reserves			
General fund		(4,511,384)	(9,249,358)
		-----	-----
		(4,511,384)	(9,249,358)
		-----	-----
Current liabilities			
Payables	8	5,462,639	9,195,915
Deferred revenue	9	221,000	877,300
		-----	-----
Total current liabilities		5,683,639	10,073,215
		-----	-----
TOTAL EQUITY AND LIABILITIES		<u>1,172,255</u>	<u>823,857</u>

	General fund MWK
<u>For the year ended 31 December 2017</u>	
At the beginning of the year	(13,321,144)
Prior year adjustments	300,000
Surplus for the year	3,771,786

At the end of the year	(9,249,358)
	=====
<u>For the year ended 31 December 2017</u>	
At the beginning of the year	(9,249,358)
Surplus for the year	4,737,973

At the end of the year	(4,511,385)
	=====

	2017 MWK	2016 MWK
CASHFLOW FROM OPERATIONS		
Surplus for the year	4,737,973	3,771,787
Adjust for: Depreciation of Property, plant and equipment	65,000	132,500
Interest received	(960)	(174)
	-----	-----
OPERATING SURPLUS/ (DEFICIT) BEFORE WORKING CAPITAL CHANGES	4,802,013	3,904,113
(Increase) /Decrease in receivables	(55,000)	31,000
Decrease in payables including deferred income	(4,389,575)	(3,459,171)
	-----	-----
Net cash generated from operations	357,438	475,942
	-----	-----
Prior year adjustment	-	300,000
	-----	-----
Interest received	960	174
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	358,398	776,115
CASH AND CASH EQUIVALENTS- At the beginning of the year	304,839	(471,276)
	-----	-----
CASH AND CASH EQUIVALENTS- End of the year	663,237	304,839
	=====	=====

NATURE OF BUSINESS

Malawi Tourism Council (Formerly Malawi Tourism Association) is a registered non-profit making organisation. The prime objective is to provide a platform for tourism operators in Malawi with a focal aim of representing the sectors interests both at home and abroad in a unified and professional manner.

Adoption Of New And Revised International Financial Reporting Standards

During the current year, the Council has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2017. The adoption of these Standards did not have a material effect on the financial statements. At the date of authorization of these financial statements some standards were in issue but not yet effective. The Board of Directors expects that the adoption of these standards in future periods will not have material effect on the financial statements of the company.

ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for small and medium sized entities.

Basis of preparation

The financial statements are expressed in

terms of the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out below and have been consistently followed in all material respects.

Revenue recognition

Revenue is measured at the fair value of the consideration received or Receivable and represents membership subscription, advertising, donations, Sundry income, interest receivable and service charge on monies collected on behalf of the Ministry of Information and Tourism.

Subscription fees not paid at the end of accounting period is written off to the income statement as a bad debt.

Property Plant and Equipment

The cost of an item of Property, Plant and equipment is recognised as an asset when:

- It is probable that the future economic benefit associated with the item will flow to the Council; and
- The cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of or service it.

Subsequent expenditure is recognized only when it increases the future economic benefits embodied in the item of Property, Plant and Equipment. All other expenditures are recognized in the income statement as an expense as they are incurred.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment other than freehold land,

so as to write down the cost, less residual value, on a straight line basis over their useful lives as follows:

Motor Vehicle	20%
Office equipment	25%
Furniture and fittings	10%

The residual value and the useful life of each asset are reviewed annually.

The depreciation charge for each period is recognized in profit or loss, unless it is included in the carrying amount of another asset.

Foreign currency translation

Transactions in currencies other than Malawi Kwacha are initially recorded at rates of exchange ruling on the dates of the transactions. Assets and liabilities in foreign currencies are translated to Malawi Kwacha at rates of exchange ruling at the balance sheet date. Exchange differences arising from these translations are credited or charged to the income statement.

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Taxation

The Council is exempted from income tax.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Financial Assets

Initial recognition

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

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt

instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- it is a derivative that is not designated and effective as a hedging instrument.

Trade and other receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any differences between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Council's accounting policy for borrowing costs.

Loans and receivables

These financial assets are initially measured at the fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increased in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognized, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognized.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization other than goodwill is recognized immediately in the income statement. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

Related party transactions

Related party transactions represent transfer of resources, services or obligations between Malawi Tourism Council and its related parties. Transactions with related parties are conducted at arm's length.

Critical accounting judgment and key sources of estimation uncertainty.

The preparation of financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the principal accounting policies of the company. Estimates and judgments are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable. No critical judgments were made by the Directors during the current period which would have a material impact on the financial statements.

There were no key sources of estimation uncertainty during the year.

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There were no key sources of estimation uncertainty during the year.

INCOME

	2017	2016
	MWK	MWK
Membership subscriptions	15,628,870	15,920,200
Fundraising income	2,980,000	-
Bank Interest received	960	174
Other Income	20,000	-
	-----	-----
Total income	18,629,830	15,920,374
	=====	=====

	2017	2016
	MWK	MWK
<u>EXPENDITURE</u>		
Advertising	775,962	253,268
Staff salaries	4,989,039	1,651,628
Sitting allowance	-	428,206
Leave grants	35,596	35,596
Office rent	698,236	1,573,385
Meeting expenses	1,835,791	2,400,642
Motor vehicle fuel	1,192,250	415,000
Miscell. Motor expenses	-	-
Subsistence allowance	602,500	1,012,052
Bronchures, certificates printing	91,103	72,000
Fundraising expenses	980,000	-
Printing and stationery	227,182	322,573
Postage and carriage	152,500	220,500
Telecommunication, emails	1,078,000	1,242,257
Audit and accountancy fees	575,000	100,000
Bank charges	83,198	132,500
Depreciation	65,000	75,514
Office equipment maintenance	120,000	108,000
Staff transport expenses	187,100	70,000
Membership subscription	-	-
External Travel	160,000	540,297
Office sundries	43,400	109,000
Medical expenses	-	38,500
Gratuity	-	1,347,669
	-----	-----
Total	13,891,857	12,148,587
	=====	=====

PROPERTY, PLANT AND EQUIPMENT

	Office equipment MWK	Office furniture and fittings MWK	Total MWK
<u>Cost or Valuation</u>			
At the beginning of the year	390,000	650,000	1,040,000
	=====	=====	=====
<u>Depreciation</u>			
At the beginning of the year	390,000	260,000	650,000
Charge for the year	-	65,000	65,000
	-----	-----	-----
Total depreciation	-	325,000	715,000
	-----	-----	-----
<u>Carrying Amounts</u>			
As at 31 December 2017	-	325,000	325,000
	=====	=====	=====
As at 31 December 2016	-	390,000	390,000
	=====	=====	=====

A fixed asset register giving details required under Companies Act 2013 is maintained at the registered office of the company and is open for inspection by members or their duly authorised agents.

CASH AND CASH EQUIVALENTS

	2017 MWK	2016 MWK
Cash and Bank balances		
Bank balances	663,237	293,458
Cash in hand	-	11,381
	-----	-----
Total cash and bank balances	663,237	304,839
	=====	=====

RECEIVABLES

	2017 MWK	2016 MWK
Staff advances	184,018	129,018
	=====	=====

The Directors consider that the carrying amount of the receivables approximate to their fair value.

RECEIVABLES

	2017 MWK	2016 MWK
Trade payables	1,501,606	5,106,347
Other payables	3,961,033	4,089,568
	-----	-----
Total payables	5,462,639	9,195,915
	=====	=====

The Directors consider that the carrying amount of the payables approximate to their fair value.

DEFERRED INCOME

Deferred income represents membership subscriptions for 2018 received in 2017.

	2017 MWK	2016 MWK
Total Membership subscriptions received during the year	15,849,870	16,797,500
Membership subscriptions for the year	(15,628,870)	(15,920,200)
	-----	-----
Deferred membership subscriptions	211,000	877,300
	=====	=====

RISK MANAGEMENT

The Council activities expose it to a variety of financial risks, mainly credit and liquidity risks. The Council's overall risk management seeks to minimise potential adverse effects on the Council financial performance.

CREDIT RISK

The Council debtors are mostly staff debtors. Management ensures that the debt given is well covered with the employee terminal benefits.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash to meet the financial obligations. The Council approach is to ensure that it will always have sufficient liquidity to meet its obligations as they fall due.

The Council ensures to perform a cash flow forecast before entering into financial commitments and manages liquidity risk through an ongoing review of future commitments and credit facilities.

COMPLIANCE RISK

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to monitoring controls applied by the Council.

REPUTATION RISK

The risk of loss of reputation arising from the negative publicity relating to the Council's operations (whether true or false) may result in a reduction of its clients, reduction in revenue and legal cases against the Council. The Council applies procedures to minimize this risk.

CAPITAL COMMITMENT

The Council had no capital commitments as at 31 December 2017.

SUBSEQUENT EVENTS

There were no events after year end necessitating adjustments to or disclosure in the financial statements.

APPENDIX 1

2017 Paid Up Members

- | | |
|-----------------------------|------------------------------------|
| 1. Protea Ryalls Hotel | 44. Luwawa Forest Lodge |
| 2. Club Marina | 45. Capital City Motel |
| 3. Catering Solutions | 46. TAAM |
| 4. Grand Palace Hotel | 47. Crown Hotel |
| 5. Avis Car Hire | 48. Wendels Guest House |
| 6. Bua River Lodge | 49. Novablanca Suites & Conference |
| 7. Zomba Forest Lodge | 50. Kande Beach |
| 8. Colony Club Casino | 51. Philadelphia Guest House |
| 9. Annies Lodge | 52. Essential Travel Tours |
| 10. Apex Car Hire | 53. The Hermitage |
| 11. Area 3 Lodge | 54. Titanic Offshore Lodge |
| 12. Game Haven Lodge | 55. Ngona Lodge |
| 13. T.G. Association | 56. Blue Waters |
| 14. Home Away Home Lodge | 57. Sunbird Capital |
| 15. Blantyre Lodge | 58. Jaqleen Lodge |
| 16. Area 18 Lodge | 59. Crossroads Hotel |
| 17. Wakawaka Lodge | 60. Land & Lakes Safari |
| 18. Mimoza | 61. Umodzi Park |
| 19. Doogles Lodge | 62. Nyasa Adventures |
| 20. Pacific Ocean Lodge | 63. Nanchengwa Lodge |
| 21. Nyala/ Jambo | 64. Chole Lakeshore Investments |
| 22. Michiru Hotels | 55. Sol-Farm Lodge |
| 23. Blue Ginger | 66. Serendib Suites & Conference |
| 24. Ama Khofi | 67. Zaburi Beach |
| 25. La Dolce Vita | 68. Lotus Hotel by Serendib |
| 26. Iyathoyo Lodge | 69. The Heritage by Serendib |
| 27. FH Bar & Grill | 70. SS Rent a Car |
| 28. Katmandoo | 71. Cape Maclear Lodge |
| 29. Ufulu Gardens Hotel | 72. Mai Tsalani Hotel |
| 30. Majestic Cottage | 73. Chilembwe Hotel |
| 31. Golden Peacock Hotel | 74. Alendo Hotel |
| 32. Café Fusion | 75. Hotel Victoria |
| 33. Dorvic Hotel | 76. Mapiri Lodge |
| 34. Kasungu Inn | 77. Sunbird Mount Soche |
| 35. Hu-cess Executive Lodge | 78. Sunbird Lilongwe Hotel |
| 36. Kuka Lodge | 79. Sunbird Mzuzu Hotel |
| 37. Malawi Sun Hotel | 80. Sunbird Nkopola |
| 38. CNS Investments | 81. Sunbird Livingstonia Beach |
| 39. Mutheto Lodges | 82. Sunbird Thawale Lodge |
| 40. Cluny Lodge | 83. Zoom Car Hire |
| 41. Mango Lodge | 84. Club Makokola |
| 42. Lingadzi Inn | 85. Mzuzu Tourist Lodge |
| 43. Spendwise Apartments | 86. Hotel Masongola |

88. Villa 33 Lodge
89. The Grand Suites Lodge
90. Leslie Lodge
91. Serenity Lodge
92. Pedros Grill & Lodge
93. Mijn Kitchen & BnB
94. Kayak Africa
95. Village Plaza Lodge
96. Ilala Crest Lodge
97. TEVETA
98. Malawian Style
99. Tongole Wilderness Safari
100. Oasis Hotel
101. Red Zebra Lodge
102. Mpale Cultural Village
103. Malawi Catering Services
104. Airport Development Limited
105. Ulendo Safaris
106. Central African Wilderness Safaris
107. Kumbali Country Lodge
108. American Palace Casino
109. Travel Options
110. Area 11 Villa
111. Sosi Lodge
112. Wamkhulu Palace
113. Bridgeview Hotel
114. Manuya Camp
115. Andrews Car Hire
116. Andrews Hotel
117. Sun n Sand Hotel
118. Hippo View Hotel
119. Shire Lodge



2017

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