



# FINANCIAL STATEMENTS

For the year ended 31 December 2023





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# DIRECTORS' REPORT



For the year ended 31 December 2023

## Nature of Business

The company is a closed end collective investment scheme established with the objective of providing investors with the opportunity to invest in a diversified portfolio of equity investments, bonds, property and equity of property companies and money market investments in Malawi. The company is licensed by the Registrar of Financial Institutions in accordance with the Financial Services Act through the Reserve Bank of Malawi.

## Share capital

Details of the current authorised and issued share capital are set out in note 8. An analysis of shareholders by type and holding is set out in note 20 to the financial statements.

## Dividends

An interim dividend of 150 tambala (2022: 80 tambala) per share was paid on 27th October 2023 to shareholders registered in the company's share register on 20th October 2023. The directors recommend a final dividend of 500 tambala (2022: 235 tambala) per share for declaration at the forthcoming Annual General Meeting.

## Directors

The following directors served in office during the period under review and four Board meetings were held.

	Attendance	Attendance Record %
Mrs. Esther Gondwe	4/4	100
Mr. Peter Nkata	4/4	100
Mr. Godfrey Msisha	4/4	100
Mr. Davis Manyenje	4/4	100
Mrs. Lissa Machinjili	4/4	100
Mr. Michael Kadumbo	3/4	75
Mr. Terence Nsamala	4/4	100

All directors are non-executive.

The regulations governing collective investment schemes stipulate that the majority of directors of the company must not be affiliated persons. None of the directors are affiliated persons.

In terms of the company's articles of association Mr. P. Nkata, Mrs. E. Gondwe and Mrs. L. Machinjili retire at the forthcoming annual general meeting. All the retiring directors are eligible for re-election.



## Directors (Continued)

The directors' direct or indirect interest in the shares of the company as at end of the reporting period is detailed in note 18 to the financial statements.

## Statement on corporate governance

The company has a unitary board of directors comprising seven non-executive directors. There are no executive directors.

The Board complies with the major principles of modern corporate governance as contained in the Code of Best Practice for Corporate Governance in Malawi (The Malawi Code II).

The Board meets at least four times a year. Adequate and efficient communication and monitoring systems are in place to ensure that the directors receive all relevant information to guide them in making necessary strategic decisions, and providing effective leadership, control and strategic direction over the company's operations, and in ensuring that the company fully complies with relevant legal, ethical and regulatory requirements.

In accordance with The Malawi Code II, the Board regularly assesses its performance and effectiveness as a whole as well as that of individual directors.

## Board Committees

### a. Finance and Audit Committee

The Finance and Audit Committee conducts its business in accordance with detailed terms of reference and does the following:

- monitors the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, including reviewing significant financial reporting judgments contained in them;
- reviews the company's internal financial controls to ensure the operation of adequate systems and control processes to safeguard the company's assets;
- reviews the company's policies and procedures to ensure they adequately address compliance and regulatory issues;
- oversees the company's relationship with its external auditor and reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process; and
- makes recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment and remuneration of external auditors.
- During the period under review, the Finance and Audit Committee held four meetings.

	Attendance	Attendance Record %
Mr. Godfrey Msisha	4/4	100
Mrs. Lissa Machinjili	4/4	100
Mr. Michael Kadumbo	4/4	100



## Board Committees (Continued)

### b. Investment Committee

The Board appointed an Investment Committee whose role is to supervise and assist the Fund Manager of the company in its investment decisions. The Fund Manager reports to the Investment Committee on all investment purchases and disposals and also has to seek prior authorisation from the Committee before undertaking transactions with a value in excess of K300 million. Transactions in excess of K300 million require approval from the Board of Directors.

During the period under review, five Investment Committee meetings were held.

	Attendance	Attendance Record %
Mr. Terence Nsamala	4/4	100
Mr. Davis Manyenje	4/4	100
Mr. Peter Nkata	3/4	75

## Ethical Standards

The Board is fully committed to ensuring the company's affairs are conducted with integrity and that the highest ethical standards are maintained.

## Directors' fees

Currently, the chairperson of the Board receives an annual fee of K6,000,000 (2022: K4,324,320) and directors receive an annual fee of K4,800,000 (2022: K3,786,760) each, together with sitting allowances at the rate of K283,722 (2022: K204,485) for the chairperson and K211,202 (2022: K166,619) for other directors for each meeting attended.

At the forthcoming annual general meeting, it will be proposed that fees and sitting allowances be reviewed based on recommendations from the Board.

## Management

The company has a 3-year agreement with NICO Asset Managers Limited which commenced on 1 August 2021, under the terms of which NICO Asset Managers Limited is contracted as sole managers of the company.

Subject to the overall policy and direction of the Board, the Fund Manager has day-to-day administrative and general control and discretion in the management, in accordance with the investment policy of the company throughout the term of the agreement.

Specific duties of Fund Manager include:

- To ensure adequate administrative, secretarial, accounting, financial and internal control systems are maintained; and
- To ensure the establishment of acceptable custodial arrangements to ensure the safe custody of the company's assets.

NICO Asset Managers Limited is licensed as an investment/portfolio manager by the Reserve Bank of Malawi under the authority vested in it by the Financial Services Act.

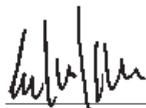


## Custodian

In 2022, the company was granted an exemption not to solicit custodial services by the Registrar of financial institutions because of the introduction of the Central Securities Depository (CSD). NITL share certificates were dematerialized and are now held in CSD through a broker, Cedar Capital Limited.

## Independent auditors

Remuneration for the auditors, AMG Global, for the audit of the year ended 31 December 2023 was K15.8 million (2022: K12.2 million) The auditors have expressed their willingness to continue in office as auditors in respect of the company's 31 December 2024 annual financial statements and a resolution proposing their appointment will be tabled at the forthcoming Annual General Meeting.



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**Esther Gondwe** (Chairperson)



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**Godfrey Msisha** (Director)



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 31 December 2023

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The Malawi Companies Act, 2013 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that year.

The Act also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act, 2013.

In preparing the financial statements the directors accept responsibility for ensuring 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; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

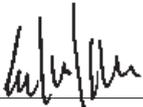
The directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

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

### Approval of the financial statements

The financial statements of the company as indicated above, were approved by the board of directors on 25 March, 2024 and were signed on its behalf by:



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**Esther Gondwe** (Chairperson)



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**Godfrey Msisha** (Director)



# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENT TRUST PLC (CONTINUED)

For the year ended 31 December 2023

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Certified Public Accountants  
& Business Advisors

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL INVESTMENT TRUST PLC

### Opinion

We have audited the financial statements of National Investment Trust plc (the company) set out on pages 13 to 45, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and 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 financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Malawi Companies Act, 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 company 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters are supposed to be addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Key audit matters (Continued)

Valuation of unlisted shares in Continental Holdings Limited	How the matter was addressed
<p>On 30th September 2022, National Investment Trust Plc acquired 7,128,640 unlisted shares in Continental Holdings Limited for a consideration of MK1,154,839,680. By virtue of being unlisted shares inherently the valuation of these shares at year end is subjective and requires significant application of judgement. The company had the challenge to ensure that the investee's financial statements being used as a basis of computation of fair value have their financial assets valued in accordance with IFRS 13–Fair value measurement.</p>	<p>We obtained a share valuation report done by Bridgepath Capital Limited and agreed the figures in National Investment Trust Plc financial statement to the valuation report. We reviewed the report and established that the valuer used market approach to value the unlisted shares. Market approach measures value based on current pricing statistics for companies which are considered similar to those being measured. We noted that the valuer used prior year audited financial statements and current year November management accounts for the investee company as a basis of the valuation. We reviewed the qualifications, experience and independence of the valuer. We noted no exceptions.</p> <p>Based on our procedures above, we are satisfied that the unlisted shares are fairly valued.</p>

## Other Information

The directors are responsible for the other information. The other information comprises: the Directors' Report and the Statement of Directors' Responsibilities, as required by the Malawi Companies Act, 2013; the Investment Policy and the Fund Manager's Report, all of 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 directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Malawi Companies Act, 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 company'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 company 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 scepticism 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 company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- 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 company'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 auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern; and
- 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.



## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

From the matters communicated with the directors, 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 interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ali Nyondo.



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**AMG Global**  
**Chartered Accountants**  
**Blantyre, Malawi**

28 March 2024

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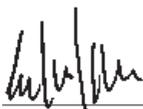


## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

Figures in Thousands Malawi Kwacha	Note(s)	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	513,348	78,265
Other receivables	7	9,645	85
Equity investments	8(a)	44,750,120	24,256,623
<b>Total Assets</b>		<b>45,273,113</b>	<b>24,334,973</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	9	2,700	2,700
Share premium	9	169,550	169,550
Retained earnings	9	44,836,069	23,851,266
		<b>45,008,319</b>	<b>24,023,516</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	12	8,353	135,815
<b>Current liabilities</b>			
Trade and other payables	10	247,128	170,178
Income tax payable	11(a)	9,313	5,464
Total current liabilities		256,441	175,642
<b>Total liabilities</b>		<b>264,794</b>	<b>311,457</b>
<b>Total Equity</b>		<b>45,273,113</b>	<b>24,334,973</b>

The financial statements of the company were approved and authorized for issue by the Board of Directors on 25 March 2024 and were signed on its behalf by:



Esther Gondwe (Chairperson)



Godfrey Msisha (Director)



STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

Figures in Thousands Malawi Kwacha	Note(s)	2023	2022
<b>Revenue</b>			
Dividend income	13	1,410,892	713,687
Interest income	14	44,073	56,628
<b>Total revenue</b>		<b>1,454,965</b>	<b>770,315</b>
<b>Expenditure</b>			
Auditor's remuneration		(15,827)	(12,233)
Directors' remuneration – fees		(34,800)	(27,045)
Directors' remuneration – allowances		(18,041)	(11,443)
Board meeting expenses		(304)	(275)
Management fees		(209,987)	(114,352)
Listing expenses		(32,502)	(28,000)
Transfer secretarial fees		(7,689)	(7,689)
Communication costs		(21,499)	(17,572)
Consultancy and legal fees		(6,499)	(5,000)
Other expenses	16	(22,410)	(22,703)
<b>Total expenditure</b>		<b>(369,558)</b>	<b>(246,312)</b>
<b>Profit before fair value gain on equity investments</b>		<b>1,085,407</b>	<b>524,003</b>
Fair value gain on equity investments	8(a)	20,400,274	6,576,255
<b>Profit before tax</b>		<b>21,485,681</b>	<b>7,100,258</b>
Income tax charge	11(c)	18,872	(106,720)
<b>Profit for the year</b>		<b>21,504,553</b>	<b>6,993,538</b>
Earnings per share (tambala)			
Basic and diluted	17	15,929	5,180



## STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2023

Figures in Thousands Malawi Kwacha	Share Capital	Share Premium	Retained earnings	Total
<b>Balance at 1 January 2022</b>	<b>2,700</b>	<b>169,550</b>	<b>17,269,478</b>	<b>17,441,728</b>
Profit for the year	-	-	6,993,538	17,441,728
Dividend declared	-	-	(411,750)	(411,750)
	-	-	<b>6,581,788</b>	<b>6,581,788</b>
<b>Balance at 31 December 2022</b>	<b>2,700</b>	<b>169,550</b>	<b>23,851,266</b>	<b>24,023,516</b>
Balance at 1 January 2023	2,700	169,550	23,851,266	24,023,516
Profit for the year	-	-	21,504,553	21,504,553
Dividend declared	-	-	(519,750)	(519,750)
	-	-	<b>20,984,803</b>	<b>20,984,815</b>
<b>Balance at 31 December 2023</b>	<b>2,700</b>	<b>169,550</b>	<b>44,836,069</b>	<b>45,008,319</b>

### Dividend per share

Dividend per share is calculated by dividing the total dividends declared in the period by the weighted average number of ordinary shares in issue during the period.

	2023	2022
Total dividends declared in the period (in thousand Malawi kwacha)	519,750	411,750
Weighted average number of ordinary shares in issue (thousands)	135,000	135,000
<b>Dividend per share (Kwacha)</b>	<b>3.85</b>	<b>3.05</b>



## STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023

Figures in Thousands Malawi Kwacha	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
Dividends received		1,410,892	735,305
Interest received		34,513	59,977
		1,445,405	795,282
Operating expenditure paid		(292,608)	(219,400)
		1,152,797	575,882
Tax paid	11(b)	(104,741)	(70,788)
<b>Net cash generated from operating activities</b>		<b>1,048,056</b>	<b>505,094</b>
<b>Cash flows from investing activities</b>			
Disposal of shares	8(b)	77,595	1,184,635
Purchase of shares	8(b)	(170,818)	(1,412,116)
<b>Net cash used in investing activities</b>		<b>(93,223)</b>	<b>(227,481)</b>
<b>Cash flow from financing activities</b>			
Dividends paid		(519,750)	(411,750)
Net decrease in cash and cash equivalents		435,083	(134,137)
Cash and cash equivalents at the beginning of the period		78,265	212,402
Cash and cash equivalents at the end of the period	6	<b>513,348</b>	<b>78,265</b>



# NOTES TO THE FINANCIAL STATEMENTS



For the year ended 31 December 2023

## 1. Reporting entity

National Investment Trust plc is a limited liability company domiciled and incorporated in Malawi under the Malawi Companies Act, 2013.

The address of the company's registered office is Chibisa House, 19 Glyn Jones Road, Post Office Box 910, Blantyre, Malawi.

## 2. Adoption of new and revised International Financial Reporting Standards

### 2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the company 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 2023.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the company.

### 2.2 Standards and Interpretations in issue and effective for the first time

At the date of authorisation of these financial statements, the following standards and interpretations were in issue and adopted for the first time:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.



## 2. Adoption of new and revised International Financial Reporting Standards

### 2.2 Standards and Interpretations in issue and effective for the first time (Continued)

<p>Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction</p>	<p>The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.</p> <p>Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.</p>
<p>Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules</p>	<p>The Company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.</p> <p>The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.</p>
<p>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates</p>	<p>The Company has adopted the amendments to IAS 8 for the first time in the current year. 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”. The definition of a change in accounting estimates was deleted.</p>



## 2. Adoption of new and revised International Financial Reporting Standards

### 2.3 Standards and Interpretations in issue and but not yet effective

Effective date	Standard, Amendment or Interpretation
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	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.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

## 3. Material accounting policies

### Statement of compliance

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

### Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below.

The accounting policies set out below have been consistently applied by the company and are consistent with those used in the previous period.

### a. Financial instruments

#### Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing



### 3. Material accounting policies

#### a. Financial instruments (Continued)

##### Classification of financial assets and financial liabilities (Continued)

IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in profit or loss.

Financial liabilities have been classified and measured under IFRS 9 at amortised cost using effective interest rate method. There has been no change in the classification and measurement of financial liabilities on the adoption of IFRS 9.

##### Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 requires the company to measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial asset has increased significantly since initial recognition, or if the financial asset is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial asset at an amount equal to 12-months ECL.



### 3. Material accounting policies

#### a. Financial instruments (Continued)

##### Impairment of financial assets (Continued)

IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The directors have reviewed the credit risk of financial assets held as at 31 December 2023 and concluded that there is no significant impact on the carrying amounts of the financial assets as regards impairment of financial assets.

##### Financial instruments

##### Derecognition

Financial assets are derecognized when the company has transferred the right to receive the contractual cash flows in which substantially all the risks and rewards of ownership of the financial assets are transferred or when the contractual rights to cash flows from the assets expire. Financial liabilities are de-recognised when the obligation is extinguished.

##### Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short term highly liquid instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### Treasury bills

Treasury bills (including repos) are classified as measured at amortised cost and are initially measured at fair value.

##### Other financial assets

Other financial assets include dividends receivable and income notes which are measured at amortised cost using the effective interest method less impairment.

The amortised cost is the amount at which the financial asset is measured at initial recognition less principal repayments plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount minus any reduction for impairment.

##### Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

##### Equity investments

The company's equity investments are classified as at fair value through profit or loss. Gains or losses arising from changes in fair value are included in profit or loss.



### 3. Material accounting policies

#### a. Financial instruments (Continued)

##### Financial instruments (Continued)

##### Offsetting

Financial assets and liabilities are setoff and the net amount presented in the statement of financial position when, and only when the company has legal right to set off the amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

#### b. Revenue recognition

Interest income is recognized in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. Dividend income is recognized when the company has an unconditional right to receive the income (for quoted equity investments, this is usually the date on which trading in the underlying investment becomes “ex-dividend”).

#### c. Expenses

All expenses, including management fees are recognised in profit or loss on an accrual basis.

#### d. Taxation

Income tax expense represents the sum of the tax currently payable and deferred.

##### Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company’s financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



### 3. Material accounting policies

#### d. Taxation

##### Deferred tax (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

##### Current and deferred tax

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

#### e. Earnings per share

The company is listed on the Malawi Stock Exchange and therefore presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by the profit or loss attributable to ordinary shareholders of the company by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

#### f. Segment reporting

The fund manager reports to the Board on a quarterly basis the income and expenditure and investment portfolio performance of the company as a whole. Based on the nature of the business there is only one segment and there are no separate geographical or operational segments.

#### g. Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current period.

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other



## 4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.1 Critical judgements in applying the company's accounting policies

There were no critical judgments in applying the company's accounting policies.

## 5. Determination of fair values

The company's equity investments and disclosures require determination of fair value for both financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes as described in note 18 to the financial statements. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that financial asset or liability.

### Other receivables

The fair value of other receivables is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

### Equity investments

All equity investments are held at fair value through profit or loss. The fair value of equity investments traded on the stock market is determined with the reference to the quoted prices of the securities at the reporting date. Valuation of unquoted equity securities is determined using valuation techniques.

## 6. Cash and cash equivalents

	2023	2022
Term deposits	356,965	35,000
Current account balances	147,383	43,265
Total cash and cash equivalents	<b>513,348</b>	<b>78,265</b>

The term deposits with various local banks earned interest at rates ranging from 15.50% to 23.50% (2022: from 12.00% to 15.00%). Current account balances do not earn any interest and are held at First Capital Bank Plc and National Bank of Malawi Plc.



## 7. Other receivables

	2023	2022
Interest receivable	6,321	15
Prepaid expenses	695	70
Disposal of shares receivable	2,629	–
Total other receivables	<b>9,645</b>	<b>85</b>

The other receivables are interest free and are all due within one year.

## 8a. Equity investments

	2023	2022
Cost	5,779,098	5,668,518
Cumulative adjustment for fair value	38,971,022	18,588,105
Fair value	44,750,120	24,256,623
Net increase in fair value of equity investments	<b>20,400,274</b>	<b>6,576,255</b>



## 8a. Equity investments (Contined)

Figures in thousand Malawi Kwacha	2022 Carrying amount	Additions	Disposals	Fair value adjustments	2023 Carrying amount	Cost
<b>Year ended 31 December 2023</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>Ilovo Sugar (Malawi) plc</u> 1 700 454 (2022: 1 700 454) Ordinary shares of 2t each at MSE value of K1,260.03 (2022: K540.00) per share	918,246	-	-	1,224,378	2,142,624	7,096
<u>Press Corporation plc</u> 1 763 358 (2022: 1 763 358) Ordinary shares of 1t each at MSE value of K2 506.99 (2022: K2 181.37) per share	3,846,537	-	-	574,184	4,420,721	671, 074
<u>National Bank of Malawi plc</u> 3 810 295 (2022: 3 810 295) Ordinary shares of K1 each at MSE value of K2 101.25 (2022: K1 542.05) per share	5,875,666	-	-	2,130,717	8,006,383	51,858
<u>Sunbird Tourism plc</u> 37 000 (2021: 37 000) Ordinary shares of 5t each at MSE value of K191.07 (2022: K92.06) per share	3,406	-	-	3,664	7,070	1,555
<u>NICO Holdings plc</u> 12 640 331 (2022: 12 640 331) Ordinary shares of 20t each at MSE value of K150.40 (2022: K60.00) per share	758,420	-	-	1,142,686	1,901,106	221,276
<u>FMB capital Holdings plc</u> 10 439 970 (2022: 10 164 367) Ordinary shares of 5t each at MSE value of K315.00 (2022: K110.86) per share	1,126,822	70,834	2,629	2,093,564	3,288,591	1,047,373



**8a. Equity investments (Continued)**

Figures in thousand Malawi Kwacha	2022 Carrying amount	Additions	Disposals	Fair value adjustments	2023 Carrying amount	Cost
<b>Year ended 31 December 2023</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>MPICO plc</u> 12 390 741 (2022: 12 390 741) Ordinary shares of 5t each at MSE value of K15.00 (2022: K20.64) per share	255,745	-	-	(69,884)	185,861	195,638
<u>Telekom Networks Malawi plc</u> 33 565 081 (2022: 33 565 081) Ordinary shares of 4t each at MSE value of K18.70 (2022: K14.00) per share	469,911	-	-	157,756	629,667	381 410
<u>Standard Bank Malawi Plc</u> 2 392 190 (2022: 2 392 190) Ordinary shares at MSE value of K3 950.00 (2022: K2 000.16) per share	4,784,763	-	-	4,664,387	9,449,150	24,338
<u>Old Mutual plc</u> Nil (2022: 76 108) ordinary shares at MSE value of K1 500.00 (2022: K985.00) per share	74,966	-	74,966	-	-	-
<u>NBS Bank plc</u> 58 316 945 (2021: 58 316 945) Ordinary shares of 50t each at MSE value of K114.90 (2022: K34.00) per share	1,982,776	-	-	4,717,841	6,700,617	367,694
<u>Airtel Malawi plc</u> 16 500 000 (2022: 16 500 000) Ordinary shares of K1 each of MSE value per share K60.00 (2022: 56.64)	934,560	-	-	55,440	990,000	385,480



## 8a. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2022 Carrying amount	Additions	Disposals	Fair value adjustments	2023 Carrying amount	Cost
<b>Year ended 31 December 2023</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<i>ICON Properties plc</i>						
66 797 612 (2022: 66 797 612)						
Ordinary shares of K1 each at						
MSE value K17.85 (2022: K11.95)						
per share						
	798,231	-	-	394,106	1,192,337	584,480
<i>FDH Bank plc</i>						
51 714 506 (2022: 50 151 517)						
Ordinary shares of K1 each at						
MSE value K70.00 (2022: 15.81)						
per share						
	871,132	99,984	-	2,648,899	3,620,015	684,986
<b>Total quoted share investments</b>	<b>22,701,181</b>	<b>170,818</b>	<b>77,595</b>	<b>19,737,738</b>	<b>42,532,142</b>	<b>4,624,258</b>
<b>UNQUOTED SHARE INVESTMENTS</b>						
<i>Continental Holdings Limited</i>						
7 128 640 (2022: 7 128 640)						
Ordinary shares of K1 each at						
a fair value of K311.14						
(2022: K218.20)						
	1,555,442	-	-	662,536	2,217,978	1,154,840
<b>Total unquoted share investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>662,536</b>	<b>2,217,978</b>	<b>1,154,840</b>
<b>Total Share Investments</b>	<b>24,256,623</b>	<b>170,818</b>	<b>77,595</b>	<b>20,400,274</b>	<b>44,750,120</b>	<b>5,779,098</b>

The company has an investment in private equity in Continental Holdings Limited (CHL), a company in the financial services sector and has seven subsidiaries to its name, namely, CDH investment bank Limited, Continental Asset Management Limited, Continental Capital Limited, CDH Commodities Limited, Continental Properties Limited, Continental Pension Services Company Limited, Continental Asset Management Nominees Limited. NITL plc owns 7,128,640 shares, the shares were purchased on 30th September 2022 at a consideration of K1,154.84 million. The total number of ordinary shares in issue is 167,401,912 which translates to a shareholding of 4.26% for NITL.



**8a. Equity investments (Continued)**

Figures in thousand Malawi Kwacha	2021 Carrying amount	Additions	Disposals	Fair value adjustments	2022 Carrying amount	Cost
<b>Year ended 31 December 2022</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>Illovo Sugar (Malawi) plc</u> 1 700 454 (2021: 2 027 862) Ordinary shares of 2t each at MSE value of K540.00 (2021: K300.00) per share	608,359	-	99,996	409,883	918,246	7,096
<u>Press Corporation plc</u> 1 763 358 (2021: 1 763 358) Ordinary shares of 1t each at MSE value of K2 181.37 (2021: K1 900.00) per share	3,350,381	-	-	496,156	3,846,537	671, 074
<u>National Bank of Malawi plc</u> 3 810 295 (2021: 4 026 513) Ordinary shares of K1 each at MSE value of K1 542.05 (2021: K810.12) per share	3,261,959	-	200,002	2,813,709	5,875,666	51,858
<u>Sunbird Tourism plc</u> 37 000(2021: 37 000) Ordinary shares of 5t each at MSE value of K92.06 (2021: K90.01) per share	3,330	-	-	76	3,406	1,555
<u>NICO Holdings plc</u> 12 640 331 (2021: 12 640 331) Ordinary shares of 20t each at MSE value of K60.00 (2021: K55.00) per share	695,218	-	-	63,202	758,420	221,276
<u>FMB capital Holdings plc</u> 10 164 367 (2021: 10 429 187) Ordinary shares of 5t each at MSE value of K110.86 (2021: K80.00) per share	834,335	6,095	34,328	320,720	1,126,822	978,472



## 8a. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2021 Carrying amount	Additions	Disposals	Fair value adjustments	2022 Carrying amount	Cost
<b>Year ended 31 December 2022</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>MPICO plc</u>						
12 390 741 (2021: 12 390 741) Ordinary shares of 5t each at MSE value of K20.64 (2021: K20.70) per share	256,488	-	-	(743)	255,745	195,638
<u>Telekom Networks Malawi plc</u>						
33 565 081 (2021: 34 565 081) Ordinary shares of 4t each at MSE value of K14.00 (2021: K22.92) per share	769,312	-	-	(299,401)	469,911	381 410
<u>Standard Bank Malawi Plc</u>						
2 392 190 (2021: 2 779 332) Ordinary shares at MSE value of K2 000.16 (2021: K1 400.00) per share	3,891,065	-	649,508	1,543,206	4,784,763	24,338
<u>Old Mutual plc</u>						
76 108 (2021: 76 108) ordinary shares at MSE value of K985.00 (2021: K2 099.99) per share	159,826	-	-	(84,860)	74,966	58,305
<u>NBS Bank plc</u>						
58 316 945 (2021: 58 316 945) Ordinary shares of 50t each at MSE value of K34.00 (2021: K22.90) per share	1,335,458	-	-	647,318	1,982,776	367,694
<u>Airtel Malawi plc</u>						
16 500 000 (2021: 13 000 000) Ordinary shares of K1 each of MSE value per share K56.64 (2021: 40.00)	520,000	151,180	-	263,380	934,560	385,480



**8a. Equity investments (Continued)**

Figures in thousand Malawi Kwacha	2021 Carrying amount	Additions	Disposals	Fair value adjustments	2022 Carrying amount	Cost
<b>Year ended 31 December 2022</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>ICON Properties plc</u> 66 797 612 (2021: 83 016 222) Ordinary shares of K1 each at MSE value K11.95 (2021: K12.89) per share						
	1,070,079	-	200,801	(71,047)	798,231	584,480
<u>FDH Bank plc</u> 50 151 517 (2021: 44 090 910.00) Ordinary shares of K1 each at MSE value K17.37 (2021: 15.81) per share						
	697,077	100,001	-	74,054	871,132	585,002
<b>Total quoted share investments</b>	<b>17,452,887</b>	<b>257,276</b>	<b>1,184,635</b>	<b>6,175,653</b>	<b>22,701,181</b>	<b>4,513,678</b>
<b>UNQUOTED SHARE INVESTMENTS</b>						
<u>Continental Holdings Limited</u> 7 128 640 (2021: -) Ordinary shares of K1 each at a fair value of K218.20 (2021: -)						
		1,154,840	-	400,602	1,555,442	1,154,840
<b>Total unquoted share investments</b>	<b>-</b>	<b>1,154,840</b>	<b>-</b>	<b>400,602</b>	<b>1,555,442</b>	<b>1,154,840</b>
<b>Total Share Investments</b>	<b>17,452,887</b>	<b>1,412,116</b>	<b>1,184,635</b>	<b>6,576,255</b>	<b>24,256,623</b>	<b>5,668,518</b>



## 8a. Equity investments (Continued)

At the end of the reporting period, the equity investment portfolio comprised:

	2023	Percentage Shareholding 2022	2023	Number of shares 2022
ICON Properties plc	1.0	1.0	66,797,612	66,797,612
NBS Bank plc	2.0	2.0	58,316,945	58,316,945
Standard Bank Malawi plc	1.0	1.0	2,392,190	2,392,190
National Bank of Malawi plc	0.8	0.8	3,810,295	3,810,295
Illovo Sugar (Malawi) plc	0.2	0.2	1,700,454	1,700,454
Press Corporation plc	1.5	1.5	1,763,358	1,763,358
NICO Holdings plc	1.2	1.2	12,640,331	12,640,331
MPICO plc	0.5	0.5	12,390,741	12,390,741
Telekom Networks Malawi plc	0.3	0.3	33,565,081	33,565,081
First Capital Bank plc	0.4	0.4	10,439,970	10,164,367
Sunbird Tourism plc	<0.1	<0.1	37,000	37,000
Old Mutual plc	-	<0.1	-	76,108
Airtel Malawi plc	0.2	0.2	16,500,000	16,500,000
FDH Bank plc	0.7	0.7	50,714,506	50,151,517
Continental Holdings Limited	4.3	4.3	7,128,640	7,128,640

## 9. Capital and reserves

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company. All shares rank equally with regard to the company's residual assets.

Share capital	2023	2022
Figures in Thousand Malawi Kwacha		
Authorized share capital		
150 000 000 ordinary shares of 2 tambala each	3,000	3,000
Issued and fully paid		
135 000 000 ordinary shares of 2 tambala each	2,700	2,700

Share premium

Share premium of K169.55 million (2022: K169.55 million) relates to the amount in excess of the nominal share price paid for during the initial share offer to the public.

Retained earnings



## 9. Capital and reserves

Included in the reported retained earnings of K44,836 million (2022: K23,851 million) are unrealized gains on the changes in fair value of equity investments held at fair value through profit or loss net of related deferred tax for shares that were acquired during the year totaling K39,098 million (2023: K18,554 million) which are not distributable in terms of the Companies Act and profits on investment switches totaling K5,068 million (2022: K5,051 million) which are not distributable in terms of the company's investment policy.

## 10. Trade and other payables

	2023	2022
Accrued expenses	110,988	77,920
Unclaimed dividends payable to shareholders	136,140	92,258
<b>Total trade and other payables</b>	<b>247,128</b>	<b>170,178</b>

The directors consider that the carrying amount of payables approximates to its fair value. These amounts do not attract any interest.

## 11. Taxation

	2023	2022
a. Payable		
Opening balance	5,464	3,811
Income tax charge	9,864	11,556
Withholding tax paid	(551)	(6,092)
Income tax paid	(5,464)	(3,811)
Closing balance	9,313	5,464
b. Tax Paid		
Dividend Tax	98,726	60,885
Withholding Tax	551	6,092
Final Income Tax	5,464	3,811
Total Tax Paid	104,741	70,788
c. Charge		
Income tax	9,864	11,556
Dividend tax (note 12)	98,726	60,885
Deferred tax (note 11)	(127,462)	34,279
Total Tax (Credit)/Charge	(18,872)	106,720



## 11. Taxation (Continued)

	%	%
<u>Reconciliation of effective to standard rates of tax</u>		
Standard rate	30.00	30.00
Permanent differences	(30.09)	(29.50)
Effective rate	(0.09)	1.50]

Permanent differences are due to unrealized movements on revaluation of equity investments which are not taxable and dividends which are taxed at a lower rate of 10% compared to the standard rate of 30%.

## 12. Deferred tax

Deferred tax is calculated, in full, on all temporary differences using the enacted tax rate of 30% (2022: 30%). The movement on the deferred tax account is as follows:

	2023	2022
At the beginning of the period	135,815	101,536
Income statement (note 10)	(127,462)	34,279
At end of the period	8,353	135,815
<u>Analyzed as</u>		
Capital gains on equity investments	8,353	135,815



**13. Dividend income**

	2023	2022
FMB Capital Holdings plc	72,185	26,794
MPICO plc	2,725	4,089
National Bank of Malawi plc	293,545	215,477
NICO Holdings plc	113,762	37,921
Press Corporation Plc	67,007	61,718
Standard Bank Malawi plc	152,908	78,647
Telekom Networks Malawi plc	-	8,392
Sunbird Tourism plc	129	19
Old Mutual plc	-	3,343
Ned Bank plc	981	-
ICON Properties plc	17,368	16,031
NBS Bank plc	282,837	93,307
Illovo Sugar (Malawi) plc	49,041	33,260
Airtel Malawi plc	41,250	45,725
FDH Bank plc	145,942	88,964
Continental Holdings Limited	171,212	-
Total dividends	1,410,892	713,687
Dividend tax withheld (note 10)	(98,726)	(60,885)
Net dividend income received	1,312,166	652,802

As at 31 December 2023 and 2022, there were no dividends receivable from investee companies.

**14. Interest income**

	2023	2022
Deposits	40,073	56,628

**15. Management fees**

Fee payable	180,246	98,156
Value added tax	29,741	16,196
Total management fees	209,987	114,352



## 15. Management fees (Continued)

Management fees are computed in accordance with the Fund Manager's agreement. The fees are computed as a percentage of the net assets of National Investment Trust plc and the total dividends declared to its shareholders in each reporting period. The fees to NICO Asset Managers Limited are payable quarterly on account of 80% of the fees based on quarterly management accounts payable within one month of the quarter end, and the balance is payable post year end based on audited accounts upon certification by independent auditors.

## 16. Other expenses

	2023	2022
Bank charges	567	713
Custodial fees	26	2,307
Brokerage	2,866	15,068
Malawi Accountants Board	4,167	4,415
Donation	10,000	-
Investors Engagement Activities	4,784	-
Public relations	-	200
<b>Total Other Expenses</b>	<b>22,410</b>	<b>22,703</b>

The donation was made to the victims of Cyclone Freddy through the first line relief organizations, Blantyre and Limbe Rotary clubs at MK5 million each.

## 17. Earnings per share

Basic earnings per share

The calculation of basic earnings per share as at 31 December 2023 is based on the profit attributable to ordinary shareholders of K21,505 million (2022: K6,994 million) and the weighted average number of ordinary shares in issue for the year ended 31 December 2023 of 135 000 000 (2022: 135 000 000).

### Other expenses

	2023	2022
Profit attributable to ordinary shareholders (K'000)	21,504,553	6,993,538
Weighted average number of ordinary shares in issue ('000)	135,000	135,000
<b>Earnings per share (tambala)</b>	<b>15,929</b>	<b>5,180</b>

### Diluted earnings per share

The diluted earnings per share are equal to the basic earnings per share as there are no dilutive potential ordinary shares.



## 18. Financial risk management

Categories of financial instruments	Fair value through profit and loss	Amortised cost	Total
31 December 2023			
<b>Financial assets</b>			
Cash and cash equivalents	-	513,348	513,348
Other receivables	-	9,645	9,645
Equity investments	44,750,120	-	44,750,120
	44,750,120	522,993	45,273,113
<b>Financial liabilities</b>			
Trade and other payables		247,128	247,128

Categories of financial instruments	Fair value through profit and loss	Amortised cost	Total
31 December 2022			
<b>Financial assets</b>			
Cash and cash equivalents	-	78,265	78,265
Other receivables	-	85	85
Equity investments	24,256,623	-	24,256,623
	24,256,623	78,350	24,334,973
<b>Financial liabilities</b>			
Trade and other payables		170,178	170,178



## 18. Financial risk management (Continued)

### Overview

The company has exposure to the following risks from use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies, and processes for measuring and managing risk, and the company's management of capital. Further qualitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has developed risk management policies principal among which is the Investment Policy outlined on page 1 of the Annual Report. The Investment Committee and the Fund Manager are expected to adhere at all times to the Investment Policy. The Investment Committee reports regularly to the Board of Directors on its activities.

The company's Finance and Audit Committee oversees how management monitors compliance with the company risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Finance and Audit Committee is assisted in its oversight role by the Fund Managers' internal audit department which undertakes reviews of risk management controls and procedures, the results of which are reported to the Finance and Audit Committee.

### Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's interest, income notes receivable and cash and cash equivalents. Money market investments are limited to deposits with licensed financial institutions.

### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another asset. The company's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company maintains sufficient funds in liquid money market investments to meet foreseeable operating expenses.



## 18. Financial risk management (Continued)

### Liquidity risk (Continued)

The company's Investment Policy sets maximum permitted limits for investments.

Compliance position as at period-end	Permitted limit	2023	2022
1. Equities			
% of portfolio invested in equities	100%	94%	93%
% of portfolio in individual listed company	40%	22%	24%
% of portfolio in individual unlisted company	10%	5%	6%
2. Bonds			
% of portfolio invested in bonds	25%	Nil	Nil
% of portfolio in bonds of single private sector issues	10%	Nil	Nil
3. Property			
% of portfolio invested in property companies/equities	25%	3%	4%
% of portfolio in a single property investment	10%	3%	3%
4. Cash equivalents	100%	1.1%	0.3%
5. Speculative investments	Nil	Nil	Nil

The overall liquidity gap as at 31 December 2023 was K45,026 million (2022: K24,165 million) based on the entity's financial instruments as detailed on page 41.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity and commodity prices will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The company's market risk is managed on a daily basis by the Fund Manager in accordance with policies and procedures in place. The company's overall market positions are monitored by the Finance and Audit Committee and reported on a quarterly basis to the Board of Directors.

#### Currency risk

As the company has no significant foreign denominated financial assets, and has no foreign denominated financial liabilities, the company's income and operating cash flows are substantially independent of changes in foreign exchange rates.



## 18. Financial risk management (Continued)

### Market risk (Continued)

#### Interest rate risk

The Fund Manager is not permitted to borrow funds without the sanction of the Board of Directors who, in turn, may not, unless sanctioned by an ordinary resolution of shareholders, borrow in excess of the aggregate of the company's share capital and reserves. However, since incorporation, the Directors have not exercised their borrowing powers and, accordingly, the company is not exposed to interest risk on borrowings.

At the reporting date, the company has only invested in fixed rate financial instruments. The company does not account for any fixed rate financial instruments at fair value as the debt securities market is fairly illiquid. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity.

#### Equity price risk

Equity price risk arises from the company's held for trading equity investments. The company seeks to manage individual equity price risk through diversification of its investments within its Investment Policy guidelines on individual investments and/or broad classes of investments. The Fund Manager and the Investment Committee manage risk on an ongoing basis. Due to the nature of its business, the company is always exposed to overall market price risk.

#### Sensitivity analysis – equity price risk

The carrying value at 31 December 2023 of shares listed on the Malawi Stock Exchange (MSE) represents 94% (2022: 93%) of the company's total asset value. Although not directly correlated, it could be expected that the overall value of this portfolio would move broadly in line with movements in the MSE all Share Index. The all share index at 31 December 2023 was 110,951 (2022: 62,036). An overall increase of 0.5% in share prices would have resulted in a capital gain of K212.7 million (2022: K113.5 million) recognised in profit or loss. An overall decrease of 0.5% in share prices would have resulted in a capital loss of identical magnitude. The small percentage has been used because the market has been relatively illiquid over the reporting period.

#### Capital management

The Board's policy is to maintain a strong capital base to maintain investor and market confidence. Capital consists of share capital, share premium and retained earnings. The Board also monitors the level of dividends to shareholders.

The Board's policy is to maintain its capital base in real terms by not distributing unrealized fair value gains on revaluation of investments or realised profit on sale of equity investments.

## 19. Related parties

### Fund Manager

The company entered into a management agreement with NICO Asset Managers, a licensed investment/portfolio manager. Management fees for the year amounted to K210.0



## 19. Related parties (Continued)

### Fund manager (Continued)

million (2021: K114.4 million). Included in trade and other payables at 31 December 2023, is management fees payable of K86.3 million (2022: K58.1 million).

As required by the Malawi Stock Exchange listing rules, NICO Asset Managers Limited, as the fund manager, is required to hold a minimum of 5% of the issued share capital of the company. NICO Asset Managers Limited does not hold any shares in NITL. The company was granted an exemption by the Malawi Stock Exchange to allow NICO Asset Managers Limited to act as fund manager.

At 31 December 2023, various pension funds and entities whose assets are managed by NICO Asset Managers Limited held 25,910,060 (2022: 20,852,815) shares in the company.

#### Directors' fees

Total directors' fees are disclosed in the statement of comprehensive income.

#### Directors' interest

As at 31 December 2023, the total direct and indirect interests of the directors and related parties thereto in the issued share capital of the company were as follows:

	2023	2022
G Msisha	100,000	100,000
T Nsamala	-	-
M Kadumbo	-	-
E Gondwe	-	-
*L Machinjili	60,000	-
P Nkata	-	-
D Manyenje	-	-

\*Mrs. Lissa Machinjili (member of the Finance and Audit Committee) held shares indirectly through a private business, Golden Investments.

## 20. Critical accounting estimates and judgments

### 20.1 Fair values of financial instruments

Many of the company's financial instruments are measured at fair value in the statement of financial position and it is usually possible to determine their fair values within a reasonable range of estimates.

For the majority of the company's financial instruments, quoted market price are readily available.



## 20. Critical accounting estimates and judgments (Continued)

### 20.1 Fair values of financial instruments (Continued)

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision.

For certain financial instruments, including other receivables and other payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the company's financial assets and financial liabilities at the reporting date approximated their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation. The different levels have been defined as follows: –

- Level 1: quoted prices (unadjusted) in active markets for identical instruments;
- Level 2: input other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liabilities that are not based on observable data.

	Level 1 K'000	Level 2 K'000	Level K'000	3 Total K'000
31 December 2023				
Listed equity investments	42,532,142	-	-	42,532,142
Unlisted equity investments			2,217,978	2,217,978
	42,532,142	-	2,217,978	44,750,120
31 December 2022				
Listed equity investments	22,701,181	-	1,555,442	22,701,181
Unlisted equity investments			1,555,442	1,555,442
	22,701,181	-	1,555,442	24,256,623

Listed equity investments were valued using stock market prices as at the end of the reporting period.

The fair value of the unlisted equity in Continental Holdings Limited (CHL) was determined using the market approach method which is applicable to firms in the financial services industry. The method involves identifying companies in similar industries to the subject company in the open market and determining the appropriate multiples, the value of the company is derived by benchmarking against valuation multiples from similar companies. The valuation was done



## 20. Critical accounting estimates and judgments (Continued)

### 20.1 Fair values of financial instruments (Continued)

by Bridgepath Capital Limited and is not a related party. Bridgepath Capital Limited is a licensed portfolio or investment manager under the Financial Services Act 2010 with license number PM 001/02 and is regulated by the Registrar of Financial Institutions, Reserve Bank of Malawi.

### 20.2 Impairment of financial assets

The company follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgment. In making this judgment, the company evaluates, among other factors, the duration and extent to which the fair value of an income note is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

### 20.3 Income taxes

The company is subject to income taxes. Significant judgment is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. If the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

## 21. Details of shareholders

The number of shareholders in the company was 1,535 as at 31 December 2023 (31 December 2022: 1,383).

### Analysis by number of shares held:

Number of shares held	Number of Shareholders		Total holding	
	2023	2022	2023	2022
1 – 5 000	625	507	1 396 469	1 207 953
5 001 – 10 000	269	258	2 404 892	2 367 472
10 001 – 25 000	236	224	4 136 091	4 027 172
25 001 – 50 000	150	146	6 280 890	5 669 960
50 001 – 100 000	127	118	10 717 323	10 268 079
100 001 – 200 000	43	47	6 214 349	7 394 147
200 001 – 500 000	46	42	13 759 491	12 944 457
500 001 – 1 000 000	13	15	9 922 289	11 136 012
1 000 000 – 99 999 999	26	26	80 168 116	79 984 748
Grand total	1,535	1,383	135 000 000	135 000 000



## 21. Details of shareholders (Continued)

### Analysis by shareholder type (2023):

	Number of holders	Number of shares held	% of total shares
Insurance/assurance	5	12 723 500	10.10%
Non-resident companies/individuals	7	89 540	0.08%
Banks/nominees	119	18 700 443	13.82%
Investment/trusts	21	4 040 032	3.16%
Pension/provident funds	33	47 219 327	31.51%
Other resident entities	56	12 067 579	11.15%
Resident individual	1,294	40 159 579	30.20%
<b>Total</b>	<b>1,535</b>	<b>135 000 000</b>	<b>100%</b>

### Analysis by shareholder type (2022):

	Number of holders	Number of shares held	% of total shares
Insurance/assurance	4	13 630 000	10.10%
Non-resident companies/individuals	6	104 511	0.08%
Banks/nominees	109	18 657 472	13.82%
Investment/trusts	19	4 261 642	3.16%
Pension/provident funds	29	42 537 083	31.51%
Other resident entities	44	15 053 411	11.15%
Resident individual	1,172	40 755 881	30.20%
<b>Total</b>	<b>1,383</b>	<b>135 000 000</b>	<b>100%</b>



## 21. Details of shareholders (Continued)

The largest shareholders in the company were:

	Number of shares 2023	% of total number of shares 2023	Number of shares 2022	% of total number of shares 2022
NICO Life Insurance Company Limited	15 927 591	11.80	8 549 089	6.33
Old Mutual Life Assurance Company	12 521 264	9.28	13 230 000	9.80
National Bank of Malawi Pension Fund	11 971 400	8.87	10 471 400	7.76
NBM PAL Unrestricted Pension Fund	8 451 502	6.26	9 739 933	7.21
Public Service Pension Trust Fund	7 016 034	5.20	9 132 709	6.76
Madzi Pension Fund	5 520 000	4.09	5 520 000	4.09
Vanguard Life Assurance Service Limited	4 000 000	2.96	4 000 000	2.96
NBM Equity Fund	3 760 000	2.79	6 423 759	4.76
Remaining shares	65 832 209	48.76	67 933 110	50.32
<b>Total</b>	<b>135 000 000</b>	<b>100.00</b>	<b>135 000 000</b>	<b>100.00</b>

## 22. Subsequent events

There have been no material events occurring after the statement of financial statement position date that require adjustment to or disclosure in the financial statements.

## 23. Exchange rates and inflation

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

	2023	2022
Kwacha/Rand	93.54	62.35
Kwacha/US Dollar	1 683.37	1 026.43
Inflation rate %	34.5	25.4

As at the time of approval of these financial statements, the above rates had moved as follows:

Kwacha/Rand	91.54
Kwacha/US Dollar	1,666.67
Inflation rate % (February 2024)	33.5



