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payments



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phone numbers



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Varied authorization
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Highlights



With over 500 interoperable ATMs in use between the 10 banks in Malawi, it is unimaginable to even consider that the usage of ATMs might decrease by over 50% in the next 10 - 20 years!

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The Companies Act no 15 of 2013 came into effect on 1 June 2016. It significantly changes the landscape of company law in Malawi as it Government sought to modernise the company law to make it more reflective of current business trends and make it comparable to laws of neighbouring countries.

18 TRENDS IN FINANCIAL STATEMENT FRAUD

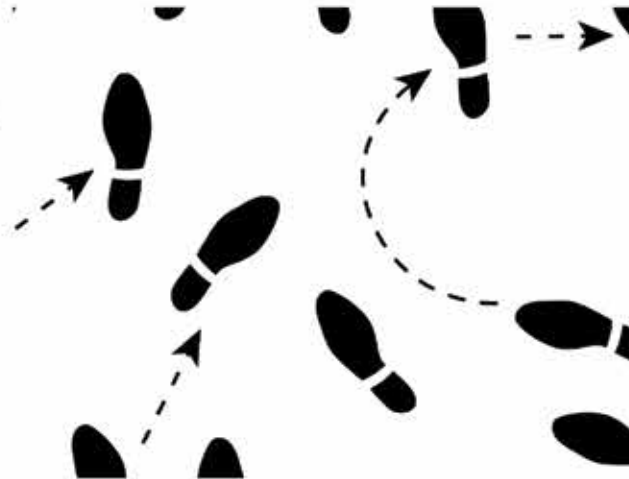
As the times are changing, financial reporting fraud is also changing. Fraudsters are using more diverse methods and reasons to manipulate financial statements. In our turbulent economic environment there is even increasing pressure for management to meet certain targets to satisfy stakeholder expectations. This has often called for more sophisticated means in misrepresenting financial statements.

22 IFRS 15

There is an old saying The accounting world is yet to be faced with a major change with the introduction of IFRS 15 - Revenue from contract with customers. In May 2014 the International Accounting Standards Board (IASB) issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31.

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WHERE TO FROM HERE?

If opportunity doesn't knock, build a door. - Milton Berle

The tedious journey of study and qualification always ends up in the grandeur of that one document - the certificate; but for most people, the joy of tasting the glory of being qualified only lasts for a moment, usually taken over by the thoughts of conquering the 'next big thing'. Will the certificate lead to a new and better role? A double promotion? A new position in a bigger company? Or maybe international connections leading to that sought-after multi-national firm recruitment?

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BE THE CHANGE YOU WANT TO SEE

PERSONALITY

Predominantly, it is doubly doubtful if there has ever been a period in history when a greater proportion of people have found themselves frankly puzzled by the way the world reacts to their best efforts to change it, if possible, for the better.

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AHCX: OFFERING NEW HOPE TO THE LOCAL FARMER?

The story of the common farmer, the smallholder farmer, has been an endless litany of below average prices. In general sense, the common farmer has at best never been realizing benefits from his or her sweat. Him that tills the soils has never been enjoying the succulent economic fruits of his sweat. It is those at the upstream that have been enjoying the sweat of the common man.





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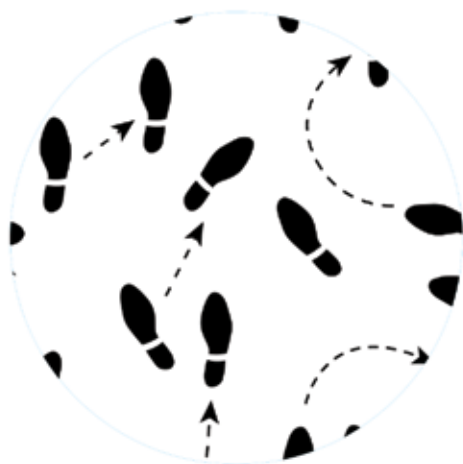
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Editorial



Where are we on the fight against corruption?

We are pleased to bring you the July to September 2017 country's leading professional magazine, the ICAM magazine. We keep on unearthing articles of great interest to the accountancy profession, the business sector and the general public. This edition is no exception. We have featured highly enriching technical articles that are meant to enhance the competence of professional accountants.

The cover story offers a deep insight in revenue recognition. IFRS 15 has been dismantled bit by bit by Caroline Gausi.

By the time you finish reading this magazine, you will more or less have attained a black belt in the art of New Companies' Act. The article by Moffat Ngalande has demystified the complexities of the Companies Act. And for a profession that holds keys and locks to the safety of finances, who would not want to understand trends in financial statement fraud. Douglas Nyirenda digs deep to embowel such elements.

As the Institute of international repute we work hand in hand with our international partners. Courtesy of The Accountant Magazine published by the Institute of Certified Public Accountants in Kenya (ICPAK), we feature two wonderful articles. Survival of any institution borders on cash flow and liquidity. That has been addressed. But also as you are administrators in your offices, you have the obligation to protect your employees from predatory lenders. In that dimension you will have a less stressed workforce. We have an article that offers insights into that.

We cannot do without technology. Ever thought of the future of auto teller machines? It is time you have to start. Nevertheless, every day we are challenged to progress in our careers. The question Ted Misomali and Moses Chavi pose is: where to from here? Answer it in this magazine.

For the first time we have taken a departure in the way we feature personality articles in this magazine. Now we question those personalities on specific areas. Where are we on the fight against corruption? Hear it from the horse's mouth as we took the time to have a chat with Lucas Kondowe, ACB Director General.

To cap it all, we take cognizance of the fact that we do not operate in isolation. We have brothers and sisters and relatives whose livelihood depend on farming. How secure is their future? When shall their sweat start bearing fruits? Is the AHL Commodities Exchange the new messiah to the local farmers? Hear it all from Davies Manyenje.

Now it is your turn to enjoy a delicious buffet of the creatively written articles.

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Expect more...



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ADVERTISING RATES

Page Size	Amount (MK)
Inside Front Cover	250,000.00
Inside Back Cover	250,000.00
Outside Back Cover	300,000.00
Inside Full Page	200,000.00
Half Page	150,000.00
Quarter Page	100,000.00

PUBLICATION DESIGNED & PRODUCED BY PMC

email: prismmw@gmail.com tel: 0999386161

PRINTED BY

KRIS OFFSET

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FROM THE PRESIDENT

ICAM MAGAZINE



Africa's political and leadership icon Nelson Mandela once said and was very right: education is the most powerful weapon which you can use to change the world. In that spirit, I believe this edition continues to be highly educative and keeps on adding value to your professional competencies. As you will agree, the accountancy profession and accountancy education should constantly go hand in hand with global academic, technological and economic advancements. That is our vision!

The role of the Chartered Accountant is evolving more than ever before and keeps on assuming newer possibilities in the current dynamic environment. In the given dynamic scenario, the potentiality of the Chartered Accountant (CA), Malawi to meet the diverse range of expectations of various stakeholders from the profession, has become the focal point. Allow me to report that, as ICAM, we take great pride that we have strongly embarked on the process of localizing papers that are examined for the CA(M) which were and some are still being prepared by the Institute of Chartered Accountants in England and Wales (ICAEW). At the Knowledge level, Assurance and Business and Finance papers have been localized. Of the six papers at the Professional Level, two have been localized - Tax compliance and Public sector Accounting and Finance. It is expected that two more papers - Financial Accounting and Reporting and Audit and Assurance - will be localized and start being administered in that context in June

effect spanning over a 5 year period. The launch held on 8th September was so colorful with Mr. Morgan Tembo, former ICAM (SOCAM) president as the Guest of Honor. Now we will no longer just be following the wind. We are now sailing the boat of ICAM to the destiny of our choice. I encourage the Secretariat to drive the plan with passion and determination. As you may be aware from my other earlier communications, we now have a new Chief Executive Officer (CEO), Dr. Francis Gondwe. Francis joined the Institute on 3rd July 2017. The Council is delighted and welcomes Dr. Gondwe as CEO of ICAM. I am very confident that the coming of Dr. Francis Gondwe will see the Institute becoming more innovative and dynamic. I am very much sure that, just as I am, many of you are delighted with the newly introduced bi-weekly bulletin. I believe that you look forward to receiving this bulletin every fortnight with unabated breathe. The bulletin is designed to keep members abreast with events taking place within our noble profession as well as activities being undertaken by the Council and the Secretariat.

Once again, the ICAM Annual Lake Conference is here and I am so delighted. For the first time in the history of the profession, the Lake Conference has a mobile application for members' and participants' use. Our vision is that this will later culminate into a mobile application that will allow you to check your records and amend if and when necessary.

For the first time in the history of the profession, the lake conference has a mobile application. This will later culminate into a mobile application that would allow you to check your record, amend it if and when necessary.

2019. Not only does the localization makes CA(M) more suited to Malawi and world at large, it also goes a long way in saving the much needed forex for Malawi hence confirming our long time commitment of partnering with Government in developing the country.

Allow me also to reiterate the fact that as members of the noble accountancy profession, it is imperative to ensure that we meet our responsibilities while we enjoy our professional autonomy, which come along with this autonomy. Being among the most regulated professionals in the country gives us great joy and pride that we are the princes and princesses of professional competence. This has accorded us the opportunity to create our own world, where there are principles and ideals to live by. To this end, allow me to emphasize that we are committed to ensuring that members live by the ideals of ethics and integrity and we are strongly pursuing all issues bordering on unethical behaviour. At present, over 10 cases are on-going some of which have been protracted due to challenges we had due to fewer members in the Ethics and Investigations Committee. The good news is that the Ethics and Investigations Committee has since been reconstituted and I am confident that all cases will be expedited and will have been concluded by the end of this year. Let me take this opportunity to thank all who expressed interest to serve in this Committee upon request from the Institute. The response was overwhelming and very encouraging. Thank you!

For those who may recall, one of the points on my 5-Point plan shared in my maiden message was the construction of state of the art office complex for ICAM. You will be delighted to know that we are now very close to realising this long cherished dream. It pleases your President to report that construction of the office complex has commenced. The ground breaking ceremony took place on 8th September 2017 and the Minister of Lands, Housing and Urban Development, Hon. Anna Kachikho, MP, was the Guest of Honor. We anticipate that, in the long run, we will be in a position to save a lot of resources. At present, ICAM spends over K30 million per annum in rentals. Furthermore, this purpose built building will also transform ICAM into a Landlord hence generating more revenue through rentals from third parties.

Yet another point of the 5 alluded to above was the launch of ICAM Strategic Plan. As an Institute, we are focused on the future as well. We want to determine and change the future we want unlike the future changing us. We are charting the course of our choice. The ICAM Strategic Plan is now in

Your comments and contributions based on your experiences upon use of this application are welcome.

The AGM is coming up along the sidelines of the Conference and I am pleased to advise that the future is looking bright. Council elections are coming up and we have scored yet another first. We now have in place the Governance and Nominations Committee which has vetted all the applications for Council seats which will fall vacant at the September 2017 AGM. This is in line with section 38 of the Memorandum and Articles of Association as amended at the last AGM. As we are geared for continuous improvement in the spirit of kaizen, there will be an orientation retreat for the re-constituted Council later in November 2017. This is meant to ensure that Council members inculcate in themselves the ethos of corporate governance.

But while we are flying in many aspects, it is worrisome to note and report that the number of students registering for our programs has been declining for the past two years. This threatens the growth of the accountancy profession and we would like to hear from you on how best this trend can be averted. Meanwhile, let me report that mitigating measures have been put in place. The measures include intensive career talks, new members' conferences, advertising, as well as enhanced engagement with several stakeholders. Management will also carry out a comprehensive survey that will culminate into an improvement plan.

It is further disappointing to note that cases of fraud and unethical behaviors are on the rise among members. This threatens the credibility of the profession as a whole as well as the autonomy granted this far. I appeal to you all to always live and practice by the ideals of ethics and integrity as well as reporting suspected cases and furnishing the Institute with necessary evidence. As one C.S Lewis said and I quote, "Education without values, as useful as it is, seems rather to make man / woman a more clever devil."

Let us move forward together. Let us achieve together. Let us carry the torch of our profession aloof. I wish you all the best and enjoy reading the rest of the magazine. Your humble servant

Henry Chowawa

FROM THE CEO

This is my maiden address to you in this wonderful publication, the country's leading professional magazine. I am full of praise and thanks to the Council of ICAM for according me the opportunity to serve you in the capacity of Chief Executive Officer (CEO). Settling in this position has been very much easy as I have had overwhelming support from a diverse range of stakeholders. Serving you our distinguished members is highly exciting and fulfilling.

Allow me to appreciate the support I have received from the Council and Human Resources Committee. They have been very supportive in ensuring that I settle down quickly. Equally, the Technical Committees deserve mention for walking with me to ensure that I catch up quickly on a number of issues.

The profession has a lot of expectations and I can promise that I am geared to deliver. Among the solid foundations, let me pay great tribute to my predecessor Ms. Evelyn Mwapasa. She built a strong solid team at the Secretariat that is ever enthusiastic to serve in different capacities. Without this warm embracing team of staff, settling in could have been an almost impossible task.

It is high on the agenda of the CEO of your institute to prioritise the implementation of the strategic plan. And not only that, your Board Secretary is geared to pursue all outstanding issues bordering on ethics and investigations. It is at the heart of the incumbent presidency that we take issues of ethical lapses with kid gloves no more. As an Institute, we have a reputation to jealously safeguard.



As I look forward to my first 100 days, I am determined to serve the Institute with commitment and dedication. Together with my colleagues at the Secretariat, we will endeavour to enhance the level of service delivery. The level of engagement with members will continue at an unprecedented scale. New products have been developed and implemented for the benefit of our members. We take great pride in the fact that our membership has fallen in love with

the ICAM bulletin. The bi-weekly online publication has become a trusted information resource for our members. We are mindful that in the modern world, information is wanted as soon as yesterday.

Finally, allow me to share with you my other part of the vision. I share the vision that you all have for the Institute and that encompasses ensuring the short and long-term sustainability of the Institute. I appeal to you all that we work together in this regard. Your feedback is the torch that can light our path to glory.

Thank you for taking time to read my maiden magazine address to you. Enjoy reading the rest of the magazine.

Among the solid foundations, let me pay great tribute to my predecessor Ms. Evelyn Mwapasa. She built a strong solid team at the Secretariat that is ever enthusiastic to serve in different capacities



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UNDERSTANDING THE NEW COMPANIES ACT.

Moffat Ngalande

The Companies Act no 15 of 2013 came into effect on 1 June 2016. It significantly changes the landscape of company law in Malawi as it Government sought to modernise the company law to make it more reflective of current business trends and make it comparable to laws of neighbouring countries.

Arrangement of the Act.

The Act is arranged into nine chapters and five schedules as follows:

- Part 1. Preliminary provisions and definitions
- Part 2. Establishment of the office of the Registrar of Companies
- Part 3. Registers
- Part 4. Core Company requirements
- Part 5. Shareholders and their rights
- Part 6. The shares of a company
- Part 7. Registered valuers
- Part 8. Share certification and transfer
- Part 9. The officers of a company
- Part 10. Accounting requirements
- Part 11. Public offerings of securities
- Part 12. Arrangements, compromises and reconstructions; mergers and takeovers
- Part 13. Winding up and liquidation
- Part 14. Remedies and enforcement
- Part 15. Foreign companies
- Part 16. Service of documents
- Part 17. Miscellaneous

Interrelationships with other legislation

The Act requires application of the Insolvency Act in all cases of winding up or liquidation. The Act states that a person may only act as auditor of a company if qualified as such under the Public Accountants and Auditors Act.

Specific industries may have special regulation for minimum capital, such as in the financial services sector. In such cases these relevant laws will apply.

New Categorisation of Companies


The Act categorises companies into 4 groups. It maintains the 2 types of (public and private) limited liability companies and companies limited by guarantee. It however introduces "state owned companies" as a new category.

The Act reduces the minimum shareholding of a company from the previous 2 to 1 member. Meaning that it is now possible to incorporate soletraderships as Private limited liability companies. A private company has a memorandum that prohibits the offering of shares to the public.

A public limited liability company is one that has a minimum of 3 members, has a memo that allows offering shares to the public.

Capital requirements

There are now no minimum capital requirements for private companies while for public companies, capital requirements



are to be within the purview of the Registrar of Financial Institutions as these link with public offers and listing requirements. However specific industries may have special regulation for minimum capital, such as in the financial services sector. In such cases these relevant laws will apply.

Relaxed requirements


For private companies the Act now relaxes the requirements to keep a shareholder's register, have an annual general meeting, a company seal, or a company secretary.

Officers of a company



Directors of both private and public companies are required to comply with the applicable Corporate Governance Standards in Malawi. This is a new development especially for private companies because these were previously applicable to public companies in compliance with listing rules and best practice but were not enshrined in the law.

The Act also includes a wide definition of a "director" and contains duties of a director to address and minimize the possibility that a director may put his own or other interest ahead of those of the company.



The Act imposes civil sanctions for failure to comply with the core duties and the code of corporate governance. The Act also imposes stringent new obligations of disclosure in relation to directors of public companies as to their interests and their remuneration in their service contracts.

The minimum requirement for number of directors is now 3 and 1 for private and public companies respectively and at least 1 should be resident in Malawi.

Valuation transactions

The Act may require certain valuations to be performed. There is now a requirement for any such required valuations of property, stocks, shares, debenture, securities or goodwill or net worth of a company or its assets to be done by a registered valuer. This is a significant requirement as this was not required in the past.

A professional valuer needs to apply to be on the register of valuers. This requirement is likely to cause a breach since it is a new requirement. It may also result in a localisation of intention of government to see the utilisation of local skills in the provision of these services. At this point this is mere speculation but would not be unusual due to the government's efforts to support the local industry.

It could also slow down the finalisation of such transactions in cases where this requirement is breached.

In addition all transactions requiring such valuations now require board approval.

Share capital requirements

The Act introduces the concept of "stated capital" and the abolition of the concept of "authorized share capital". Thus on formation, a company is simply required to

provide a simple statement of its capital. In this regard shares of nominal value, or par value shares are no longer permitted to be issued. Capital is now simply defined as all amounts received by or due to the company in respect of the issue of shares; and any capital calls on the shares. This essentially removes the limit to a company's capital and eliminates the administrative burden of having to increase a company's "authorised share capital" from time to time. This is useful for companies that may be getting additional capital or that are listing on the Malawi stock exchange and require significantly more capital than what was originally authorised.

Public companies can purchase and hold treasury shares up to a limit of 10% of the listed shares of any class of the company. These treasury shares can be sold for cash (but not for a non-cash consideration) or can be transferred for the purposes of, or pursuant to, an employee share scheme.

The company can also cancel treasury shares at any time. If the treasury shares are sold, the company's distributable profits will be increased by the sale proceeds up to the price paid to buy in the shares.

Accounting requirements

The Requirement to keep accurate and complete accounting records has been maintained. This enables companies to satisfy its obligations in terms of the Act or any other law with respect to the preparation of financial statements.

Private companies do not have to provide audited accounts but are, like all companies, under a general obligation to keep accounting records that correctly record and explain the transactions of the company, and at any time enable the financial position of the company to be determined with reasonable accuracy.

All companies are required to file an annual return within 6 months after the reporting year end.

The Act now prescribes the accounting framework to be used in Malawi and requires that auditors be so qualified in line with the under the Public Accountants and Auditors

Act.

Companies are required to apply IFRS and local laws. Private companies have the option of applying IFRS for SMEs or a framework issued by an accounting body.

The financial statements are now required to be presented in Malawi Kwacha (MK). At face value this would seem to contradict with IFRS but provision for compliance is given through a process whereby an application is made for presentation in a foreign currency. This is subject to approval by the registrar and requires proof that the functional currency is foreign and that use of that currency gives a true and fair view of the company's state of affairs.

Most companies will most likely breach this requirement unless they are advised by their auditors to seek this approval timely. Past experience has shown that foreign currency financial statements are discouraged in cases where there are inadequate company records in foreign currency. This mainly applies for tax filing purposes. Companies may need to invest in accounting systems that enable dual reporting or ensure that transactions are primarily recorded in foreign currency.

Lastly, group accounts are now also required for all groups within 6 months after the groups year end.

Mergers and acquisitions transactions

The Act complements the proposed Insolvency Law with regard to business reconstructions since this Act deals with reconstructions that are not driven by insolvency and may be agreed by shareholders as beneficial for the company.

However, where insolvency drives a company reconstruction, the Insolvency law will apply. The Act permits the introduction of a Take Over and Merger Panel that may issue a code of conduct for

companies undertaking such arrangements to facilitate a less adversarial approach to potentially hostile situations and enable the swift resolution of any issues by the Panel outside the formal arrangements of the High Court. This is in line with international best practices.

The rights of minority shareholders in sell - out or squeeze - out situations are addressed by providing a mechanism whereby these situations can be challenged in the Courts.

Insolvency

The Act provides that any winding up or liquidation is to be dealt with by the Insolvency law.

Conclusion

All in all the Companies Act has brought in some interesting changes and companies require careful review of its requirements, more radical changes are thought to be on the single owner private limited companies and the dispensing with the requirement for audits of private companies. Company directors are also likely to be greatly affected because of new requirements for compliance with corporate governance codes in addition to their general responsibilities. Requirements for registration of valuers could be seen as initially slowing down the speed of transactions but in time the system should be more efficient. Lastly minority interests and aggrieved parties in company re-organisations should have better recourse to the merger panel as opposed to using expensive commercial courts for any matters of concern.



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Trends in financial statement fraud

By Douglas D. Nyirenda

As the times are changing, financial reporting fraud is also changing. Fraudsters are using more diverse methods and reasons to manipulate financial statements. In our turbulent economic environment there is even increasing pressure for management to meet certain targets to satisfy stakeholder expectations. This has often called for more sophisticated means in misrepresenting financial statements.

“Liability omissions are most commonly associated with contingent liabilities (obligations that are created when specific events occur), guarantees, and a few others. “

We can classify numerous methods of cooking books in to five broad categories:

- Fictitious revenues.
- Timing schemes, involving either revenue or expenses.
- Asset valuation schemes.
- Underreporting liabilities or expenses.
- Disclosure schemes.

Studies (such as COSO report, "Fraudulent Financial Reporting 1998-2007: Analysis of US Public Companies") have indicated that a majority of financial statement frauds have traditionally involved revenue recognition, usually in the form of either fictitious revenue or early revenue recognition.

However, with the other measures of financial performance becoming more prominent in recent years, other financial statement fraud schemes have also become equally important.

Fair value misstatement

Accounting standards require that certain assets and liabilities be carried in the financial statements at fair value on a recurring basis. This means that as fair value fluctuates, the basis of the asset and liability also is adjusted.

Many other assets are subject to downward adjustments (impairments) when fair value declines below cost but not upward adjustment if fair value exceeds cost. In either case, the measurement itself of fair value can be subject to manipulation. In these cases, the erroneous fair value often stems from use or one of the following:

- Using measurement model that isn't appropriate for the asset being measured.
- Including incorrect assumptions when applying the valuation model (e.g. using a longer period of assumed cash flows or a lower discount rate in calculating net present values of cash flows).
- Omitting important information from consideration (e.g. condition or value of collateral supporting a loan value).
- Clerical errors or intentional manual overrides of calculations.
- Hiding information from independent appraisers or using appraisers that have conflict of interest.

Asset impairments

Many asset impairment schemes also involve one or more fair value measurement issues. For example, a company might recognize that an impairment loss has been incurred, but understates the amount of the impairment because it manipulated the fair value calculation.

However, additional schemes might involve situations in which a company is aware of the signs that it has incurred an impairment, but it willfully ignores and doesn't perform a calculation of fair value.

This category of scheme is associated with assets that don't require an impairment assessment (and the resulting calculation of fair value) unless specific triggering conditions are present. For example, accounting standards require that companies treat many intangible assets in this way. So, if a company ignores the existence of these triggering conditions, it then avoids performing a calculation of fair value and doesn't record any impairment losses.

Liability Issues

The fraudulent financial reporting issues associated with liabilities fall simply into two broad categories

- Omitting liability from the balance sheet.
- Understating a liability that's recognized in the balance sheet.

Liability omissions are most commonly associated with contingent liabilities (obligations that are created when specific events occur), guarantees, and a few others. Improper measurement of liabilities, which result in an understatement, is most commonly associated with deferred revenue (with corresponding effect of revenue inflation), but might also be found with certain pension liabilities (such as those that are estimated based on actuarial studies) and other accruals. Inventory inflation

Inventory inflation schemes come in many sizes and shapes. Most of these fall into one or more of these categories:

- Failing to write off obsolete inventory or items whose value are below cost.
- Cut-off schemes, in which dates of incoming or outbound shipments of inventory are

- information.
- Omitting important information.

Inaccurate disclosures can range from statements that are simply wrong to those specifically designed to confuse readers by describing transactions or activities using overly complex structure or lots of technical jargon.

Common examples of omitted disclosures include:

- Transactions with related parties (e.g. sales to—or purchases from—unconsolidated affiliates,

ripe for manipulation.

Motives behind financial statement fraud

Traditionally, the reasons that companies commit financial statement fraud have most commonly involve a desire to achieve certain targets for:

- Gross revenue.
- Net income.
- Earnings per share.
- Current ratio or other

measures of liquidity.

However in recent years, more complicated reasons behind financial statement fraud schemes have emerged. One of the most important reasons is non-GAAP (generally accepted accounting principles) performance measures.

If you look at the quarterly or annual earnings releases, guidance on future periods, explanations of key results and press releases, you are more likely than ever to see an emphasis of metrics that do not appear in companies' financial statements. These non-GAAP measures—designed to provide additional insights into a company's operations—might or might not be derived from GAAP figures. But a company gets to decide which of these measures to disclose and even how to name and calculate it.

Regulators around the world have taken notice of this trend. However, use of these measures is likely to continue to increase as will the corresponding risk of fraud. This is an important to watch.

Signing-off

Fraudsters have more ways than ever to cook the books. Auditors and fraud examiners need to be diligent in monitoring and investigating the financial and non-financial reporting of companies.

At one time, we thought financial reporting fraud didn't have a lot of variety, but now this couldn't be further from the truth.



manipulated to make it appear that more inventory is on hand at year-end.

- Physical inventory schemes, such as padding of boxes and containers to make them appear to be full in order to count and include them in year-end inventory balances.
- Improper costing of inventory.
- Manipulation of work-in-progress calculations and documentation by manufacturers.

Disclosure risks

Disclosure fraud is a category of financial reporting fraud that has emerged as an important risk but which research studies rarely track separately. Companies provide disclosures in the notes to their financial statements and other reports, press releases and documents.

Companies can commit disclosure fraud in two ways:

- Providing inaccurate or otherwise misleading

- loans, etc.).
- Important subsequent events (those events that occur after the close of the financial period but before the issuance of the financial statements, such as determination of an important agreement with an important customer).
- Covenants that must be complied with for loans and other financing arrangements—violations of which would put the debt in default.
- Material commitments, obligations and certain contingencies.
- Areas which material estimating was required in the measurement of the amounts reported in the financial statements.

The list for possible disclosure fraud is along one. Investment analysts, lenders, bankers, regulators and many others rely heavily on these disclosures in evaluating companies. As a result, this is another area that's

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KEYNOTE ADDRESS

Innovative business practices for increased productivity in a turbulent business environment
- By International Guest Speaker,
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THEBE IKALAFENG

THEME: STEERING ORGANISATIONS THROUGH BUSINESS TURBULENCE

THE INTERNATIONAL GUEST SPEAKER: THEBE IKALAFENG

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IFRS 15

Caroline Gausi



WHAT HAS

The accounting world is yet to be faced with a major change with the introduction of IFRS 15 - Revenue from contract with customers.

In May 2014 the International Accounting Standards Board (IASB) issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31.

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WHY WAS IFRS 15 ISSUED?

Eliminate inconsistencies and weaknesses

The core principle of IFRS 15 is that an entity will recognise revenue to reflect the transfer of goods or services, measured as the amount to which the entity expects to be entitled in exchange for those goods or services. In particular, the new standard requires distinct goods or services to be accounted for separately, which may have a significant impact on the timing of revenue and profit recognition. While the overall principles will sound familiar, IFRS 15 includes a significant amount of guidance on many issues that arise in determining the appropriate timing and measurement of revenue.

Improve disclosure

The new standard also requires significant disclosures relating to the reporting of revenue, and entities will need to ensure that they can gather the appropriate information in a timely manner.



CHANGED?

EFFECTIVE DATE AND TRANSITION

The new standard is effective for reporting periods beginning on or after 1 January 2018 with early adoption permitted. It applies to new contracts created on or after the effective date and to existing contracts that are not yet complete as of the effective date. Therefore, the current year figures reported in the first year of adoption will be prepared as if the standard's requirements had always been applied.

In respect of comparative periods, entities have the option of using either retrospective application (with certain practical expedients) or a modified approach in applying the new standard. Under the modified approach comparative years are not restated. Instead, an entity recognizes the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings on the effective date. For example if an entity applies the new standard for the first time for the year ending 31 December 2018 and chooses to apply the modified approach, the cumulative effect resulting from the application of the new standard will be adjusted against retained earnings as at 1 January 2018. The comparative figures for the year ending 31 December 2017 will not be restated. If an entity elects to use the modified approach it must disclose the impact of the change on the financial statement line items and include a description of the significant changes.

OVERVIEW OF THE NEW REVENUE MODEL

The core principle is that the entity recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is to be applied on an individual contract basis. However, a portfolio approach is permitted provided it is reasonably expected that the impact on the financial statements will not be materially different from applying the standard on an individual contract basis.

Step 1: Identifying the contract with a customer
A legally enforceable contract must meet the following:

- Contracts are approved and the parties are committed to perform.
- Payment terms can be identified.
- It is probable that the entity will collect the consideration to which it will be entitled.
- Each party's rights can be identified.
- Commercial substance.

Step 2: Identifying performance obligation

- An entity will typically identify all the distinct goods or services, or contract deliverables, which have been promised. They may be implicitly or explicitly promised in a contract - these are

"performance obligations"

- A good or service promised is distinct, if the good or service is capable of being distinct and the promise to transfer the good or service is distinct within the context of the contract.

Step 3: Determine the transaction price.

- IFRS 15 typically bases revenue on the amount to which an entity expects to be entitled rather than the amount that it expects ultimately to collect (includes both fixed and variable consideration)

- Variable consideration will only be included in the transaction price to the extent that an entity expects it to be "highly probable" that the resolution of the associated uncertainty would not result in a significant revenue reversal (the "constraint")

Step 4: Allocate the transaction price to the performance obligations in the contract.

- After determining the transaction price at Step 3, Step 4 specifies how that transaction price is allocated between the different performance obligations identified in Step 2.

- Previously, IFRSs included very little in the way of requirements on this topic, whereas IFRS 15 is reasonably prescriptive.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

- The final step is to determine, for each performance obligation, when revenue should be recognised. This may be over time or at a point in time.

- Paragraph 35 outlines the criteria, of which one must meet, for revenue to be recognised over time.

INDUSTRY INSIGHTS FOR IFRS 15

Consumer products

Entities that ship goods Free On Board (FOB) shipping point but retain some form of risk during shipment may be able to recognise revenue earlier if control passes to the customer at the point of shipment.

Industrial products

The new model provides for recognition of revenue as customized products are produced, depending on the terms of the contract with the customer, and specifically, the termination provisions. Organizations may determine that revenue should be recognised earlier as compared to



current practice.

Retail, wholesale and distribution
An entity in the retail sector will have to consider if a warranty provides assurance that a product meets agreed-upon specifications only, or if it provides for additional maintenance service. The latter will require accounting for a separate performance obligation.

Real estate

Some entities in the real estate sector will find that revenue previously recognised at a point in time should now be recognised over time, or vice versa.

Media

Media companies often offer bundles of goods and services to their customers. For example, a multimedia advertising campaign may include more than one type of advertising placement such as print, online and television. Entities will need to assess whether the advertising services represent separate performance obligations, to which the transaction price will have to be appropriately allocated, or whether they should be accounted for as one obligation.

Technology

IFRS 15 distinguishes between licences that represent the transfer of a right to use an entity's intellectual property (recognised at a point in time) and licences that represent the provision of access, over a period of time, to an entity's intellectual property (recognised over the period of access). Entities within the technology sector will need to examine licence arrangements in light of this new guidance, and may need to change their existing accounting.

Telecommunications

Airtime providers will now be required to recognise more revenue associated with a subsidized handset at the start of the contract and less revenue as the contract continues regardless of the pattern of billings.

Mining

Entities in the mining sector may have to recognize revenue at a different point in time depending on its assessment of the transfer of control of goods and/or may have to allocate a portion of the transaction price to a distinct 'shipping and insurance' service for certain CIF contracts.

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UNDERSTANDING COMPANY CASH FLOW AND LIQUIDITY

By Ndirangu Ngunjiri

Businesses have faced many challenges over financing in recent years, big and small companies are dying daily. Liquidity ensures that the company maintains equal and adequate cash and liquid assets, to be able to meet the clients' demands for loans or savings withdrawals, and be able to pay their own expenses and overheads. Interest rate capping has made funding for all businesses more challenging and recent market volatility has exacerbated the situation. Do you know how much easily accessible money you have in the form of cash and equivalents? This is a measure of your liquidity.

Cash is a company's lifeblood. In other words, a company can sell lots of widgets and have good net earnings, but if it can't collect the actual cash from its customers on a timely basis, it will soon fold up, unable to pay its own obligations.

Cash flow and liquidity ratios let you assess the amount of working capital you have in your business, and how solvent the business is in the short to medium term. It shows how much money you have available to meet creditors' demands.

You can use this ratio to establish whether your

business has enough current assets to pay its current debts, with a margin of safety for unforeseen losses, such as reduced stock levels or hard-to-collect debts.

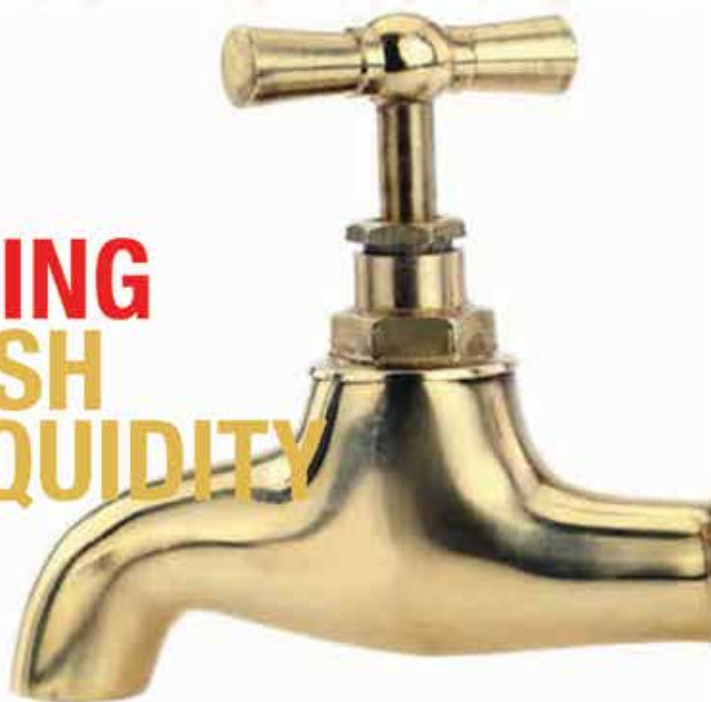
A more stringent measure is the quick ratio, sometimes called the acid test ratio. This uses current assets (excluding inventory) and compares them to current liabilities. Inventory is removed because, of the various current assets such as cash, short-term investments or accounts receivable, this is the most difficult to convert into cash. A value of greater than one is usually considered good from a liquidity viewpoint, but this is industry dependent.

Liquidity is important for both individuals and companies. While a person may be rich in terms of total value of assets owned, that

person may also end up in trouble if s/he is unable to convert those assets into cash. The same holds true for companies. Without cash coming through the door, they can quickly get into trouble with their creditors. An understanding of the liquidity of a company's stock within the market helps investors judge when to buy or sell shares, also helps investors avoid those that might run into trouble in the near future.

The least liquid asset is usually considered to be real estate because that can take weeks or months to sell. When we invest in any assets, we need to keep their liquidity levels in mind because it can be difficult or time consuming to convert certain assets back into cash.

In the market, liquidity has a slightly different meaning, although still tied to how easily assets, in these case shares of stock, can be converted to cash. The market for a stock is said to be



liquid if the shares can be rapidly sold and the act of selling has little impact on the stock's price. Generally, this translates to where the shares are traded and the level of interest that investors have in the company. Company stock traded on the Nairobi Securities Exchanges

non-liquid, or during after-hours trading when fewer traders are active; at these times, it is better to place a limit order because the lower liquidity may lead to a price you would not be willing to pay. A ratio of 2 or higher, indicating you have twice as many assets as liabilities, suggests

The company may prioritize on their receivables and payables. By managing the cash flow, the business will automatically have a more focused opinion on their assets and how and in what way to use the assets. It also aids to have some working capital to make the day to day transactions



“ Liquidity is important for both individuals and companies. While a person may be rich in terms of total value of assets owned, that person may also end up in trouble if s/he is unable to convert those assets into cash. The same holds true for companies. Without cash coming through the door, they can quickly get into trouble with their creditors. An understanding of the liquidity of a company's stock within the market helps investors judge when to buy or sell shares, also helps investors avoid those that might run into trouble in the near future.

can usually be considered liquid. Often, approximately 1% of the float trades hands daily, indicating a high degree of interest in the stock. On the other hand, company stock traded over the counter are often non-liquid, with very few, even zero, shares traded daily.

One thing to note as an investor when placing an order is the liquidity of the stock. During normal market hours on the major exchanges, placing a limit order will get you the price you are looking for. This is particularly true for companies that are

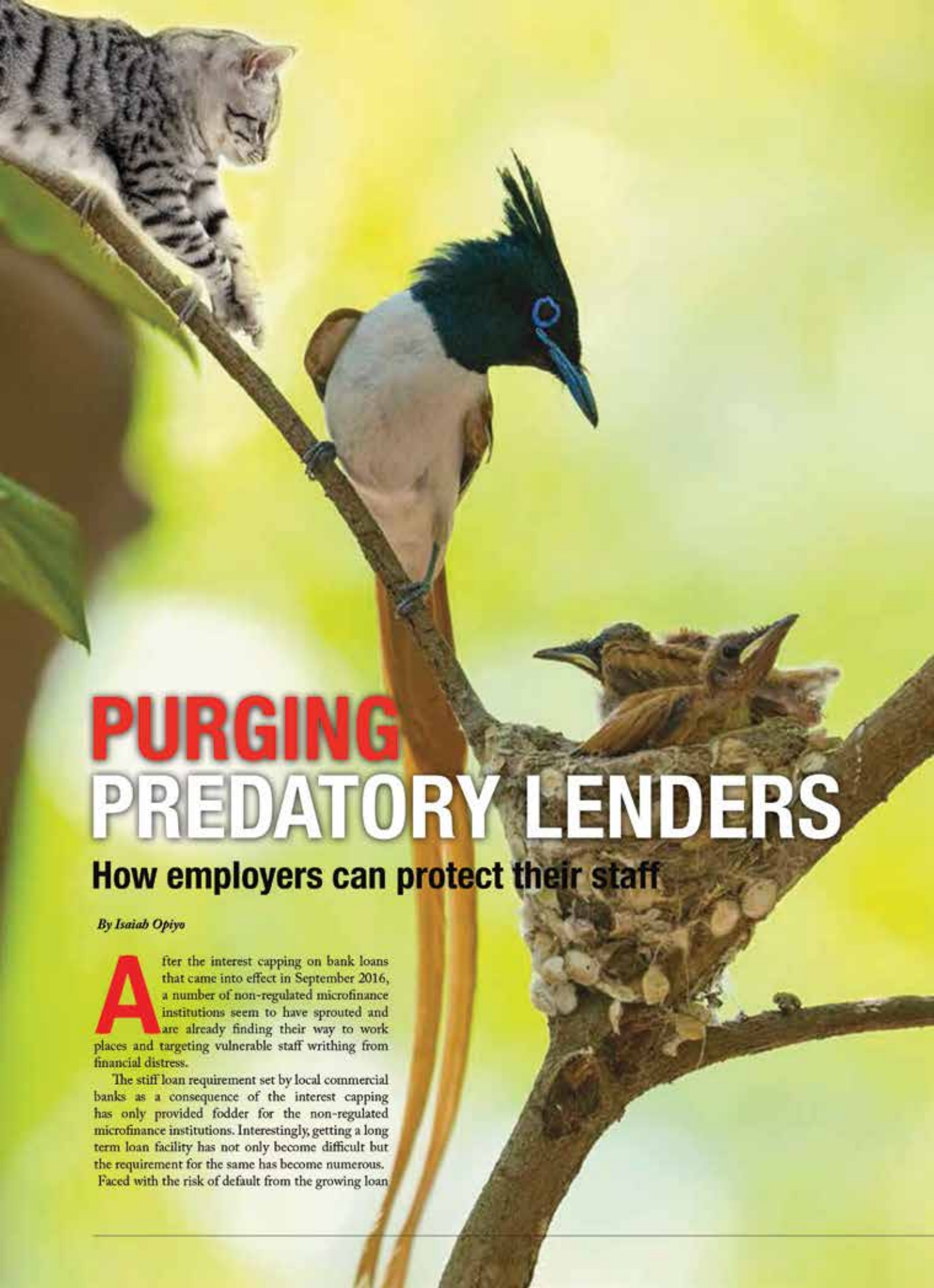
your business is in good shape. A working capital ratio of less than 1 indicates your business may be in trouble.

One may be able to create a centralized or a decentralized business model. The former model will include a business or a corporation having a single cash and flow management solution which the entire business and its departments have to follow. A decentralized model, on the other hand, affords the different departments to make up their cash flow management depending on their own needs.

easier and more efficient. The business may also face the problem of trapped cash. The company may have trouble accessing the money in other countries and there may also be problems in managing the liquidity on hand. In the latter situation, the company can develop internal liquidity management departments rather than external which only results in more outflow of money.

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PURGING PREDATORY LENDERS

How employers can protect their staff

By Isaiab Opiyo

After the interest capping on bank loans that came into effect in September 2016, a number of non-regulated microfinance institutions seem to have sprouted and are already finding their way to work places and targeting vulnerable staff writhing from financial distress.

The stiff loan requirement set by local commercial banks as a consequence of the interest capping has only provided fodder for the non-regulated microfinance institutions. Interestingly, getting a long term loan facility has not only become difficult but the requirement for the same has become numerous. Faced with the risk of default from the growing loan

applicants, some of these non-regulated microfinance are resorting to work with employers to lend to their staff on check-off arrangements. Whilst this offers an option to employees with financial distress, most of the non-regulated microfinance institutions are taking advantage of the situation to exploit employees.

Some of the lending behaviors exhibited by these lenders are predatory in nature. These range from offering loan facilities in form of salary advances, personal loans and emergency loans at exorbitant rates. Some of the loans offered either have penalties for premature repayment or early repayment or are granted without regard of the employees' take-home pay. The situation is even worse for employees who opt either to switch jobs or resign from their previous employers as the rate and penalties will be over-inflated. But one would ask; what would motivate an employer to condone or work with a lender with predatory lending tendencies the plight of their staff?

The incentives are numerous; first, the lending business has become attractive in the Kenyan market after the sport betting business and the returns are eye-catching. As a result, some of these predatory lenders are owned and operated by some of these employers as associate ventures or companies. Lending out the employees provides an opportunity to grow their group bottom-lines.

Secondly, most of the predatory lenders are always willing to share part of their interest income with the lenders as commission for the business generated. The incentives are usually paid to executives as direct incomes to those who control the pay rolls or are in charge of staff matters.

With the interest rate capping, even business are not spared from the liquidity crunch. Most of these predatory lenders usually set as part of their pre-conditions for lending to these businesses for working capital, often insist on a check-off arrangement facility for staff as a trade-off. This trade-off often leaves the employers with no option but to pursue their interest.

But how can employers safeguard their employees from predatory lenders? Whereas majority of human resource practitioners have always argued that personal financial matters relating to employees should be left untouched,

various research studies have shown that employees' financial welfare has an impact on their productivity.

Subsequently if not controlled, predatory lenders can cause over-indebtedness of employees at the workplace as they can encourage irresponsible borrowing; predatory and reckless spending. Certainly an over-indebted employee is a high-risk employee for any organization. It is therefore in their best interest to keep predatory lenders from their workplace if they have to retain their employees as well as safeguard their financial wellbeing.

To begin with, employers must start by shelving their interest of pursuing credit facilities for their working capital from these predatory lenders at the behest of their employees' financial welfare. This implies that any requirement for such credit facilities offered by these predatory lenders should not be tied to such conditions as setting a check off system to lend to employees.

While in cognizance of the fact that partnering with a financial institution to offer cheap and affordable credit facility is laudable, to allow any lender to provide a check-off loan to employees, employers should not only undertake due diligence on the background of such lenders but should invite some competitive bidding to be able to get the best offers for their employees. Although not a must, an element of operation under some regulations by the lender should be a key criteria for such selection.

Sometimes getting a suitable lender with cheaper offers may not tame irresponsible borrowing or even reckless lending to staff. Such a situation would

loans. These conditions would range from setting the maximum amount of loan an employee can borrow pegged on their incomes, the repayment period and the frequency of take up by the employees. This should then be coupled with a third rule which restricts employees from committing more than two thirds of their basic salaries on loans and other forms of borrowing.

This will not only ensure that staff go home with at least a third of their salaries to cater for living expenses but will limit any predatory lender from engaging in any reckless lending. The approval process should be part of the employer's human resource functions to tame any attempt by employees to engage in any credit abuse for impulse spending. Lastly, it is certain that most employees have cheated the third rule in many workplaces where such measures have been put by taking up loans and setting up standing orders from their bank accounts towards repayment of extra loans.

Consequently, it is imperative to equip employees with basic money management skills that would enable them to take control of their financial welfare even beyond the workplace. This can be done by holding frequent training sessions on personal financial management that would touch on areas such as budgeting, spending, saving and investing and debt management. Such trainings undertaken at opportune times such as after salary increments to employees have been found to be effective as employees are trained on how to plan their finances to mop the extra incomes from the raise.

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THE FUTURE OF ATMs

By Chris Chirwa

With over 500 interoperable ATMs in use between the 10 banks in Malawi, it is unimaginable to even consider that the usage of ATMs might decrease by over 50% in the next 10 – 20 years! Finance and management executives in the financial sector will be called upon to make tough investment decisions in this area sooner or later on whether to divert their investments elsewhere. There are over 3.5 million ATMs in use globally. Despite the popular belief that cash will always be king, the ATM manufacturers are aware that the industry is at the centre of what I refer to 'obsolescence' risk. ATMs have evolved so much from the earlier functionalities ever since they came into play in the 1960s. The ATMs have become so advanced, both in functionality and design.

The origin of ATMs came from the need of cash during banking off-hours. The ATMs came in to bridge that gap, and most ATMs were found at the bank branch locations. The ATM has since evolved from a cash machine to a marketing medium. The display is dynamically used to target different types of customers according to their profile and perceived needs. ATMs led to significant advances in how customers access financial services conveniently, no more depositing a paycheck in person, inquiring about balances or paying utilities could be done at any time of the day and of course it enabled flexibility in the access of funds.

However, the same reasons which granted success to the ATMs could lead to their downfall because the modern infrastructure provides even more and better conveniences.

The internet and mobile banking platforms provides even more functionalities than what ATMs could offer, except of course for physical cash withdrawals. For this reason, the ATM might eventually find itself relegated to a complimentary service rather than one of the core.

In the developing world ATM transactions declined 15 percent from 2010 to 2015 and are expected to keep deteriorating by 2 to 5 percent annually. The consumers are opting for card based, internet and mobile payments. The statistics for the developing countries are obviously slowly and less aggressive than the ones presented here.





Despite these statistics, the planting of ATMs in the country is on a rising, defying the global trends where banks are opting for financial technology innovations. Why is it then that many banks in Malawi are still planting more ATMs than before and yet they are the same banks preaching about electronic payments? The Malawi environment has at times shown to defy many proven theories because the assumptions on the ground are different from the global trends. An example in point would be how mobile money has failed to pick up as a payments solution years after inception. It's been reduced to a mode of funds transfer and remittances. In contrast just in Kenya mobile money is so successful banks are scared it is eating into their market share.

Most merchant shops do not have solutions to accept alternative forms of payments thereby leaving consumers to resort to using hard cash to pay for their goods. In most local merchant shops it is actually inconvenient to pay using cards than cash, one spends more time when using card to make purchases. It is estimated that less than 5% of transactions in the major merchant shops are cashless transactions.

In 2015 the Reserve Bank of Malawi took an initiative to introduce the National Switch to enable interoperability of card transactions between banks. This is a shared switch platform that connects all the country's commercial banks financial transactions through ATMs and POS devices.

It is not uncommon to find smaller banks caught up in the indecision mode whereby they are not sure whether to invest in ATMs or to invest in other digital banking platforms. For such financial institutions it is too costly to invest in the ATM infrastructure considering that the catchup period will be long or might never materialize. On the other hand the newer innovations also might take a longer cycle to reach maturity. This, obviously, requires bold and informed decisions to be made.

Conspiracy theory has it that the ATM industry is very big, the industry's major players would do everything to ensure that all competition is thwarted. ATMs have alternative and convenient contenders such as internet and mobile payments. The financial players who vastly depend on ATMs should be thinking of moving gradually or else they will find themselves with white elephants.

The truth is, there will never be a 100% cashless environment but the market share for ATMs is expected to shrink, unless the ATMs will have to evolve and be able to do something else (whether that is possible or not, time will tell). The consumers still would like to be presented with alternative options of making their payments.

The need for physical money is gradually declining at an increasing rate as more and more goods and utilities can be paid electronically. This has led to a decrease in the amount of physical cash which is printed by the central banks which subsequently reduces the physical cash in circulation. It is also believed that the electronic payments route is cheaper for the country as a whole than if the majority of consumers use physical cash because there are associated costs with manual processing, record keeping, counting, storage, security and transportation. In this regard, there are many initiatives by the central bank and other stakeholders to increase the usage of electronic payments.

The future looks to be full of surprises and excitement as the world might be going into a 'cashless' society where the physical cash faces extinction.

Diversification and Corporate Strategy

How can planners craft, implement, monitor and review business strategies? Francis Chinjoka Gondwe, PhD, gives an insight

A company is diversified when it is in two or more lines of business that operate in diverse market environments. Strategy-making in a diversified company is a bigger picture exercise than crafting a strategy for a single line-of-business. A diversified company needs a multi-industry, multi-business strategy. A strategic action plan must be developed for several different businesses competing in diverse industry environments.

A corporate strategy can be crafted in four main tasks; namely:

- 1) Pick new industries to enter, and decide on means of entry
- 2) Initiate actions to boost combined performance of businesses
- 3) Pursue opportunities to leverage cross-business value chain relationships and strategic fits into competitive advantage; and
- 4) Establish investment priorities, steering resources into most attractive business units.

A single business strategy has competitive strengths and that include less ambiguity and resources-focused. There is less ambiguity about "Who we are", "What we do" and "Where we are headed". Resources can be focused on improving competitiveness, expanding into new geographic markets, responding to changing market conditions and responding to evolving customer preferences.

However, a single business strategy comes with risks: a firm may be putting all the "eggs" in one

industry basket. In the event that a market becomes unattractive, a firm's prospects can quickly dim. Furthermore, unforeseen changes can undermine a single business firm's prospects. These unforeseen changes might be technological innovation, new products, changing customer needs and new substitutes.

The big question is - when should a firm diversify?

A firm may diversify in the following situations:

- 1) When a firm is faced with diminishing growth prospects in present business.
- 2) When a firm has opportunities to expand into industries whose technologies and products complement its present business.
- 3) When a firm can leverage existing competencies and capabilities by expanding into businesses where these resource strengths are key success factors.
- 4) When a firm can reduce costs by diversifying into closely related businesses.
- 5) When a firm has a powerful brand name it can transfer to products of other businesses to increase sales and profits of these businesses.

It is also imperative to note why firms diversify? Firms diversify for a number of reasons. The most obvious one is to build shareholder

value commonly represented as $1+1=3$. It is important to mention that diversification creates shareholder value if it passes three tests.

- 1) Industry Attractiveness Test—The industry should resents good long-term profit opportunities.
- 2) Cost of Entry Test—The cost of entering should not be so high as to spoil the profit opportunities.
- 3) Better-Off Test—The company's different businesses should perform better together than as stand-alone enterprises, such that company A's diversification into business B produces a $1+1=3$ effect for shareholders.

In the next edition, this column will tackle strategies for entering new business and related and unrelated diversification.

Important quotes:

"To acquire or not to acquire: that is the question." Robert J. Terry.

"Make winners out of every business in your company. Don't carry losers." Jack Welch
Former CEO, General Electric.

"If two people always agree one of them is irrelevant." Author unknown.

Source: This article is an adaptation of 'Crafting and Executing Strategy' by McGraw-Hill/Irwin





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Where to From Here?

A Career Perspective

By Ted Misomali & Moses Chavi



Taking the Next Steps after Qualification

If opportunity doesn't knock, build a door. - Milton Berle

The tedious journey of study and qualification always ends up in the grandeur of that one document - the certificate; but for most people, the joy of tasting the glory of being qualified only lasts for a moment, usually taken over by the thoughts of conquering the 'next big thing'. Will the certificate lead to a new and better role? A double promotion? A new position in a bigger company? Or maybe international connections leading to that sought-after multinational firm recruitment?

The above expectations are rational for a well-deserved achievement that haunts multitudes of certified accounting aspirants, and with all the effort that goes into the studies, it should not be a very perplexing journey to progress into the next phase of your professional life - which we term the post-qualification phase. This reasoning is what prompted us to share the insights we have learnt through our humble professional life, and that of others, knowing that someone will benefit from these experiences, today or in the near future. These insights can be applied by everyone - from the long-time qualified professional, the recently qualified, and the aspiring chartered accountant who has recently decided to pursue a certification.

We strongly believe that every professional who is determined to direct their lives towards greater achievement have desired a good thing, and the seeds of passion must be directed towards the best ground for growth and achievement. The best step towards professional success always has to do with questioning the status quo, and getting tired with the norms and routines of your current placement. Such realization only leads to action when we are able to establish clear goals that can stir us towards the desired future.

Setting Career Goals & Plan

I am not a product of my circumstances. I am a product of my decisions. - Stephen Covey

The future belongs to those who believe in the beauty of their dreams. - Eleanor Roosevelt

Without leaps of imagination or dreaming, we lose the excitement of possibilities. Dreaming, after all, is a form of planning. - Gloria Steinem

The supreme principle for directing one's career with less friction and uncertainty is through the setting of a clear vision of the end state of what you are trying to achieve; and such vision has to be established before taking action towards personal goals. This is the key factor in accomplishing any goals that we set, whether career goals or any other personal or family goals. Your vision acts as the sure radar to take you where you desire - and the activities you choose to engage in, including the certifications you choose to pursue only act as components on the drawing canvas of your life. They facilitate the trip towards your goals but they don't become the end in themselves; hence your focus no longer rests on the certificates, but rather, on the next doors that get flung wide open due to the availability of the papers.

The power of vision can never be disputed as it forms the core foundation of our goals. And our goals are nothing but wishes until a determined plan is curved out to move towards such goals. This is where the strategies come in - and professional studies are supposed to be part of the strategies that would catapult you towards your realization of the vision. It is crucial to ensure that the qualification is not mistakenly classified as a vision or as a career goal because such an attitude would limit your destiny to the attainment of the paper itself and not to the potent abilities that need to start from here.

- Vision - What do you want to do with your life and to become?
- Goals - What are your long-term career goals?
- Strategies - What are short-term and long-term activities to reach this goal?
- Plan - Write these down in your career plan.

Once you have all the above figured out, repeat the process with a questioning mind to test your assertiveness towards your own vision and goals, and your inner strength to relentlessly undertake the stipulated strategies to reach your goals and attain your vision in the

fast-approaching future. If you excel in this process you will confidently be certain about the course of life and vocation you would like to pursue.

The long-term goal should usually be what you want to become, e.g. CEO, CFO or COO of a conglomerate. Your short-term goals will usually take the following form:

- Increase wider learning of the focus business or subject area
- Develop existing basic skills and adopt new skills
- Practice the acquired skills
- Expand on-the-job training and leadership skills
- Gain education and training
- Expand your network 'wildly'

Identifying the Available Professional Career Options

Start by doing what is necessary, then what is possible, and suddenly you are doing the impossible. - Francis of Assisi

The beauty of the Accountancy Profession is the multitude of available routes to pursue successful careers and the many privileges that Accountants have to serve in different industries and various capacities. Today, many organizations have affirmed the confidence that stakeholders have in the Accountancy Profession by continuing to appoint accountants into senior roles including operational responsibilities beyond the number crunching activities. It is not strange to see many qualified accountants assuming the roles of Chief Executive Officers, Chief Operating Officers, Procurement Heads, Investment Managers, Insurance Practitioners, Bankers, Actuaries, Project Managers, among others.

Once your qualification is in the bag, it is time to be honest to your long-harbored career vision (as discussed above) and ensure that you are not distracted by the increasing adrenaline levels to the point of shifting your established targets. What really matters at this level is that if you have chosen to focus on one particular industry or sector, or indeed one job function, this decision will lead you to further certifications and papers that limit your focus to that particular area. For example, if your passion lies in the procurement field, you would, on top of your accountancy certificate, be mandated to pursue a procurement

certification e.g. Chartered Institute of Procurement & Supply (CIPS) certificate. Similarly, if your passion is in banking, you may need to gear-up for the Chartered Banker certificate - same approach works with Risk Management, Insurance, and other fields.

The above are fundamental examples of the desired action you need to undertake once you have established your career goals. In this journey, growth only comes once you align your learning and development to your selected vocation.

Taking Bold Steps After Qualification

There has never been a statue erected to honor a critic. - Zig Ziglar

Life's true successes emanate from the boldness to pursue the impossible goals; and it is not any different with our professional lives. The pursuit for comfort and the fear of the unknown has never produced heroic efforts. When a fine professional ceases to pursue bold targets they risk being reduced to critics against those who are daring to jump out of the 'gene pool' and progressing.

When your faith only lies in the paper you have attained, how weak is your faith! The paper is only the first step towards your goals - action starts from here. It is pertinent to ensure that you place yourself in the way of opportunity by majoring in at least one specific field. If, however, your plan is not to grow within a vocation, but rather to quickly move into your own investments, you may need to learn a little bit of everything and in the process becoming a 'jack of all trades and a master of none'. The next section will be more relevant for you.

However, if your desire is to grow within a selected field of work, it is pertinent to start exposing yourself to other professionals who have made it in that industry; and start to participate actively in forums that promote the activities of that industry, e.g. go to conferences, do online learning, read widely, and expand your professional network of same-minds. It is dangerous to stay idle and assume people will know or guess that you want to attain unto something, or to become someone; it is your duty to do the needful for the important connections to get to know you and to recognize your qualifications, knowledge, skills & abilities, and your passion for the selected focus areas.

It is never too late to be what you might have been. - George Eliot

"Think about who you want to be. How will that new-and-improved version of yourself act? How will you think, speak and live? Chances are, you'll want to portray yourself as a humble yet confident person. Sit up straight rather than slouch. Look others in the eye and listen to what they say rather than gaze into the distance or let your mind wander. Be deliberate about the words you use. If you can learn from others, make a good impression and discipline yourself to show the world your true aspirations, success will more likely follow" - Lydia Belanger Associate editor at Entrepreneur.

The Place of Entrepreneurship in Your Future

Find out what you like doing best, and get someone to pay you for doing it. - Katharine Whitehorn

Presumably after having mastered the twists and turns of accounting, finance, little economics and investments, Accountants are better placed to become successful entrepreneurs (as long as you are willing to dump and ignore some of the classroom-type over-analysis of investment opportunities). Not all people are born entrepreneurs, and conversely, not all Accountants are born to help grow other people's businesses forever. Our uniqueness needs to be discovered and esteemed.

We strongly believe that as Professional Accountants, we possess an honorable obligation towards collaborative nation building, job creation, business mentorship and investment advisory for the multitudes. Accordingly, it is an honorable thing to desire establishing our own enterprises that can help the booming professional population to find jobs and earn a decent living. In the process, we can also mentor the up-coming small enterprises to realize commendable growth leading to collective national economic development.

There is no passion to be found playing small—in settling for a life that is less than the one you are capable of living. - Nelson Mandela



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BE THE CHANGE YOU WANT TO SEE

LUCAS KONDOWE

By Patrick Achitabwino

Predominantly, it is doubly doubtful if there has ever been a period in history when a greater proportion of people have found themselves frankly puzzled by the way the world reacts to their best efforts to change it, if possible, for the better.

In life, nothing is permanent but change and change is the cardinal law of life. But for change to take place, something must happen because change doesn't just happen. "Intelligence," as Stephen Hawking once aptly said, "is the ability to adapt change." Change does not only require brainpower, it also needs wisdom because if we cannot change our situation, the only available option we have is to change nothing but ourselves.

If things go unexpectedly wrong once or twice, that is, one might say rather paradoxically, only to be expected, but recently they seem to have been going wrong so often and in so many different contexts, that many people are beginning to feel that they must be thinking in some wrong way about how the world works.

Perhaps, this suspicion is probably correct.

The ways of looking at things that we have in the past accepted as common sense really do not work under all circumstances, and it is very likely that we have reached a period of history when they do not match the type of processes which are going on in the world at large.

As people, we have unconsciously been trained to think, or have accepted as common sense, that that what goes on around us can usually be understood as some set of simple causal sequence in which certain things happen because of the circumstances at hand and we resist change not because we do want to, but because like rats, we are stuck in the ruts.

As a country, many of our own individual actions still have this character. That is really because they in some ways relatively feeble compared to the whole mass of things and processes of which they are part. The change which has occurred or is occurring now, is that the effects of human societies on their surroundings are now, is so powerful that it is no longer adequate to concentrate on the primary effects and neglect all secondary influences.

Change is ceaselessly imminent and as one great American poet, memoirist and civil rights activist, Maya Angelou said: "if you don't want something, change it; if you can't change it, change your attitude," for change does matter, particularly to those - the great majority of mankind - whose life is devoted to bringing about some kind or other in the world surrounding them for instance, the incessant fight against corruption.

Fighting out graft

The fight against corruption is a noble fight and a very tough one, which does not only need concerted efforts but also a change of attitudes by the citizenry.

Nonetheless, the bottom line must always remain unchanged, as Malawi's graft busting czar Lucas Kondowe looks at it and sums it up with a sense of veracity. 'The fight against corruption is a fight that we must win; it is a fight that (as a country) we cannot afford to lose. It is a fight that requires collective effort. The Anti-Corruption Bureau cannot win the fight alone. The fight requires the active participation of all stakeholders.'

When it comes to corruption, there is no need to mince words because words do not break bones for corruption is nothing but a cancer that is eating the very fibre of our society and its growth.

All cats are grey in the dark, they say, and all things are in one colour inasmuch as fighting corruption is concerned, fighting graft is decidedly strenuous and ghastly; it is energy-sapping and it has enormous challenges.

However, in the midst of all those insurmountable challenges, when one is entrusted with the noble

task to lead the fight against the corruption melanoma that eats the fabric of the country's economy, one needs to be level-headed, witty, smart and as tough as teak.

For one to pilot a drive against corruption, one must have a deeper understanding and possess relevant and applicable transferable skills.

The ACB chief, Lucas Kondowe quips:

"Fighting corruption needs a good measure of wisdom. There are so many that are interested in the fight against corruption. Corruption is a serious disease and ACB ensures that everyone is treated the same way and that no one is a sacred cow," adds Kondowe.

Flashes of brilliance

The Anti-Corruption Bureau has been glossily attacked from all angles such that some of the ACB's stakeholders have had different discernment on its services. But in the midst of all that mudslinging, doubts and castigations, ignites a flickering ray of achievements.

Kondowe, who is the chairperson of the Commonwealth Africa Anti-Corruption

Agencies', sheds more light on the Bureau's successes: "To those that are non-partisan, those that are fair-minded, ACB's achievements under my leadership are as clear as daylight."

The ACB chief says he is thus far happy with the Bureau's success and progress under his leadership, divulging that ACB during his reign as Director General has so far recorded 15 convictions and many cases are at stages likely to lead to convictions.

Sounding very humble and not wanting to take all the credit to himself, Kondowe says: "We at ACB do not want to take all the credit for the successful run in bringing perpetrators to book. The office of the Director of Public Prosecutions (DPP) deserves some credit too for putting up a gallant legal fight. The fiscal police also deserve some credit."

The corruption prevention pilot programme that the ACB undertook is a yardstick for its success. The Bureau did put great emphasis corruption prevention other than waiting to react to events after they have occurred, then investigate and prosecute. This is premised on the basis that prevention is most efficient and cost-effective way in an anti-corruption drive.

"Of course, the prevention trail was not without hurdles; there was some resistance but in the end we prevailed," Kondowe explains.

Kondowe elucidates that at present, prevention is the best mode of operation as signified by a new bill yet to be put into the national assembly pertaining to public procurement.

"For ACB to be successful, it must never work in isolation. All stakeholders must always be involved. Improved engagement has been seen with the media, international community as well as the public. I am very thankful to all stakeholders for giving us overwhelming support," says Kondowe.

Hosting of the Commonwealth Heads of Anti-Corruption agencies for the first time in Malawi was also one of the achievements to be celebrated as Malawi took the leading role in the region to stand up and be counted as an important partner in the regional fight against corruption.

"I wish to take this opportunity to personally thank the State President, His Excellency Professor Arthur Peter Mutharika for accepting Malawi to host this important conference, the Malawi government and private sector for their overwhelming financial support granted to the ACB to host this event," Kondowe says

According to the ACB, the conference was very

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important as it brought together Heads of anti-corruption institutions in the entire commonwealth Africa where successes and failures were shared in the fight against corruption.

The ACB has also spent substantial amounts of its budget in the important area of public education, working with various civil society organizations to take the message of fighting corruption to the countries rural masses, especially the youth.

Rise and shine

Lucas Kondowe's ascendancy to the top and his steep journey to such an important senior position is somewhat remarkable. It is remarkable because he was purely appointed to the post on merit, from a private sector background as an experienced individual in financial services audit, controls and risk management background having worked in Malawi and international assignments in these fields.

Certainly, it was surprising to most people when the appointing authority, the Head of State, allotted him the ACB Director General position and Kondowe himself was surprised.

"I was excited but at the same time nervous. I was a little bit edgy because it was a new challenge for me and it was my first time to work in the public service but I love challenges so I was determined to hit the ground running, crack it head on," says Kondowe.

Kondowe reveals that his anxiety was soon subdued by the excitement because the appointment had presented to him a rare opportunity to serve his country.

"Being appointed by the President to serve one's own country is a greatest honour. I was so humbled and felt special. I was not attracted to the job because of its remuneration package nor the glamour, but the opportunity to serve my country," explains Kondowe.

The soft-spoken financial services audit connoisseur further says many times young people criticize what is happening in our country, yet they are not brave enough to take the next step and be the change that they want to see.

He says that the more we can change our mindset and attitudes, the more and more we can succeed adding that the problem is that many people do not want to take risks in life and make a change.

Kondowe's personal sacrificing of his financial wellbeing on the altar of national service did not please his family, professional colleagues and friends. To them, the movement he had made was a lost cause and that he was just wasting his time as his new position was more political than professional, and a play in the Lions' den, so they thought.

Kondowe says with great conviction: "I was determined to give it the best shot. And reflecting three years later, I have no regrets. I am pleased with myself for what I have achieved. History and posterity



will judge me fairly."

The wrong turn

Suddenly, Malawi has been rampant with corruption, Indiscipline and unruly behaviors.

In the past, Malawians were largely used to be known as good-nurtured, culturally and morally upright citizens. Not anymore.

The question now is; what went wrong?"

To have a deeper understanding of the sudden and unwelcome trends in Malawi's socio-economic fabric, part of the big thinking is reflected in the historical transition in the country.

Kondowe explains: "somewhere along the way as a country we lost the discipline, at the process of transitioning from the single party political system to the multi-party system. Somewhere along the way we got too excited, we spent too many days on the honeymoon and in that process lost some discipline and ethics, taking a wrong turn."

From generations past, there used to be civics in primary schools that taught people rights and responsibilities of citizens and people knew that their rights were enshrined in the constitution and that along those rights were responsibilities.

"In the past we glorified responsibility and the spirit of hard-work. We were taught that stealing was bad. Now, we glorify mediocrity and we have become miracle-waiting citizens who abhor hard-work everybody suddenly believe in shortcuts," laments Kondowe.

Kondowe says the ACB doesn't just mourns over the situation. The bureau decided to take action - It embarked on a journey to teach the young generation ethics and good behaviour and how they can become responsible citizens through information decimated by its Public Education department

Freedom or independence?

The most complex and tricky issue for ACB is its freedom or indeed its independence from political stratosphere independence of the ACB is a very important issue if the fight against corruption has to be won. The ACB boss agrees that in his understanding, when most people talk of independence they refer to 'independence from the executive arm of the government', a component which alone would not guarantee ACB's diligent discharge of its duties.

Kondowe says the kind of independence ACB wants is the operational independence, which is very key stressing that ACB must be independent from all stakeholders; from the executive, the judiciary, the legislature, the media, the international community, the general public, civil society and from political parties – both ruling and opposition.

"Sometimes the international community, media and the public puts pressure on the bureau and yet they also want the ACB to be independent. The ACB should therefore be independent from all stakeholders if it has to be effective, impartial and of service to the national good," Kondowe says

Financially, ACB cannot be independent according to Kondowe who elaborates that ACB is funded by the government and international partners and that means that ACB cannot be financially independent under the current financing mechanisms.

The fight against corruption can be long and hard hence the call for fortitude, resilience and patient from the citizenry.

Over the years, public impatience on corruption-related elements has been sky-rocketing and people have been found guilty by the courts of public opinion, the media and almost everybody disregarding the due process of competent courts of law.

"Wemany times get excited with our rights and we start crossing a very delicate balance of infringing on the rights of others. We pass judgment even before the due process and we want the law enforcement agencies like the ACB and others to take positions even without following the rule of law," says Kondowe.

The ACB boss says the bureau's delicate task lies in striking a balance between the expectations of the public and due process and make sure that all its decisions and actions are based on nothing but the law.

As Malawi is moving forward with its huge challenges and an increasing wave of anticipation in provision of goods and social services; we seem to be giving a blind eye to the rapid, unsustainable population growth – and the ACB Director General sees this as the singular biggest danger that the country faces.

"What we are seeing now is that the rate of population growth is much greater than the growth of the economy. We've reached the point whereby our economy cannot sustain the current population levels in terms of land to cultivate, provision of social services including health and education," professes Kondowe.

Kondowe says when Malawi had a small population, children sat on desks in schools, the teacher to pupil ratio was manageable and the teachers could be paid on time but with the current population growth, the country's expenditure exceeds 1.3 trillion Kwachas against revenue base of about 750 billion Kwachas.

Asked what his plans are after serving his country as head of the ACB Kondowe says: "Being director general of ACB is a national service. It is like a soldier volunteering to serve your country." It is a pleasure and an honor serving this great nation, after this role, I will take some time off and contemplate what I will do next.

Kondowe says he would like to see many young people taking part in the country's development adventures and not to stand aside and watch




things happening and later mourn and complain on social media.

"I challenge the youth and the young people to take centre-stage and make a positive change as Mahatma Ghandi said; "Be the change you wish to see in the world," says Kondowe matter-of-factly.



Kondowe adds: "In life, the first step towards effecting a change is awareness and the next step is to accept change and adapt to new challenges. Now is the time to change our country but first may we be the change that propagate?"





The story of the common farmer, the smallholder farmer, has been an endless litany of below average prices. In general sense, the common farmer has at best never been realizing benefits from his or her sweat. Him that tills the soils has never been enjoying the succulent economic fruits of his sweat. It is those at the upstream that have been enjoying the sweat of the common man.

Why should it be that when a farmer goes to buy inputs, it is the seller that sets the price and yet when it comes for the farmer to sell his produce, it is the buyers that sets the price?

AHL Commodities Exchange (AHCX) is now on the market and wants us to believe that it has come to break the yoke on the farmer through a trading model that is transparent, effective and economically empowering to the wailing farmers.

AHCX:

Offering new hope to the local farmer?

Patrick Achitabwino

Established in 2012, AHCX is advancing a professionally run market platform that is efficient, transparent, guarantees settlement of transactions and provides confidence to both domestic traders and international traders who would want to patronize Malawi's produce market. The platform ensures that buyers and sellers of commodities interact in a fair transparent manner; where price discovery is efficient and the principle of willing buyer willing seller is in practice.

AHCX General Manager, Davis Manyenje, explains the rationale behind the institution, saying the exchange was established to bring the much needed transformation of Malawi's agricultural market.

"Agricultural trading in Malawi is predominantly informal and the informality has certainly benefitted a few at the expense of disadvantaging a lot many more people at the lower end of the value chain. Malawi's production is not coordinated with the market, it has been haphazard. With a function market we can plan our production according to the demand from the market," said Manyenje.

The concept that guided the formulation of the market seems to have been home grown. Its establishment was not run on a generic copy and paste commodities exchange model.

Giving insight into the development of a home grown exchange, Mr. Manyenje said this came from a realisation that Malawi has got unique challenges and therefore a copy and paste approach could not address the country's unique situations.

"We had to remodel. Traditionally, for example, exchanges do not operate warehouses but in our context we had to do so because we needed a structure that immediately offers a lot of confidence to all players."

Taming the bull by the horns

Malawi is an agro-based economy but the paradox is that although the country produces a variety of commodities, when talk emerges in terms of trading and exporting, what predominantly comes to the fore is tobacco.

Wonders Manyenje: "Is it that the rest of the commodities are not being exported? They are. The issue is that we have not sat down to look at how much we get from such commodities,

This is mainly because there is not any structure that can really collect all that information so that we appreciate what we are getting from such production, what value we are deriving from our sweat. We have everyone taking out everything across the borders and nothing is really being accounted for."

"The producers downstream do not have information about such markets where there produce are being taken to. Time and again, situations arise where they decry the prices they get yet probably on the international market prices are far better," said Manyenje.

Says Manyenje: "Even as an economy, how much forex are losing we losing out? There is rampant



"Our primary focus are the producers and we make sure that they can appreciate and grow commodities that are on demand on the market and be assured that everything they grow has a ready market - that is the first step."

forex under declaration. There is externalization of forex, Malawi losing its own forex revenue because in much of the trading the payments are not coming to Malawi, they are being transferred to some destinations that Malawi can never get them back from. But our economy so much needs the forex".

AHL Commodities Exchange's drive is to bring those markets closer downstream so that the producer can be incentivized in as far as the benefits from their sweat are concerned.

The country's inability to maximize the use of the Exchange has the potential to make a big mark on the local economy.

"If those high international prices were able to reach the high value markets and able to be passed on to the producer, then the socio-economic leverage from there has got a direct impact on the livelihoods of the farmer and therefore when you start talking of agricultural commercialization to farmers, it will start making sense. If prices are not good and farmers have no access to markets, it will always be difficult to uplift the farmer from a subsistence to a commercial orientation," said Manyenje.

There are even more prospects for farmers. AHCX also has facilities for linking up farmers with financial institutions and banks have now begun to look at farmers downstream as bankable and credit worthy. Through AHCX's Warehouse Receipt Financing facility, farmers are now able to access credit to increase productivity and support the concept of agricultural commercialization.

"We have excited a number of financial institutions where instead of farmers selling their produce under panic, they access credit and hold on to their produce and sell when prices are good for them. This is what we call warehouse receipt financing. We have seen a number of farmers and cooperatives benefiting from this," Manyenje narrates.

Make it simple and very simple

AHL Commodities Exchange wants to make the trading process very simple.

Explains Manyenje: "Our primary focus are the producers and we make sure that they can appreciate and grow commodities that are on demand on the market and be assured that everything they grow has a ready market - that is the first step."

"Step two has another focus - bringing in the buyers at the domestic level before concentration stretches to the international traders. The bottom line is just so simple, Malawi has a lot of agro-processors. The problem has been that everyone of them follows the informal practices."

Manyenje puts it in the lime light: "Where it is not possible to offload all the produce into the domestic market, the Exchange comes in to market Malawi's produce on the international market. We are Malawi's window in as far as trading of Malawi's produce is concerned".

Not an easy road

Manyenje, however, admits that not everything is smooth sailing when in as far as acceptance of the exchange is concerned. He says AHCX face resistance on the market.

Explains Manyenje: "It is an open secret that change is not easy, more especially when you are seen to be rationalising the market. The information symmetry others have been enjoying starts to thin out. It is like you are taking away an advantage that someone else has held over most people."

He said AHCX has seen a lot of negative talk about and hostility towards it in the economy.

"We believe that structured markets have to benefit

Where it is not possible to offload all the produce into the domestic market, the Exchange comes in to market Malawi's produce on the international market.

every stakeholder in the value chain but that has not been the case. And when we try to rationalize that, it has always been a tough going," said Manyenje.

He said what has been particularly a raw nerve on the market is the fact that the market has been largely unregulated and therefore others have doubted the level of protection that they could have in the market. He said, however, the exchange alongside other like-minded stakeholders will continue to for appropriate legislation to address such elements.

"We have had to take the drive to lobby for the legislation so that every stakeholder in the value chain is equally protected. That has not even been easy. Now we have the warehouse receipt bill in parliament and that is a milestone. The playing field is now leveling and no player therefore will take advantage of others. Even the commodities exchange itself is also regulated."

The bright spot

At the end of the day, through the coming in of the Commodities Exchange, Malawi has been re-profiled. The country has been getting enquiries on several commodities, at times even going beyond the national production. That should see farmers wearing a happy smile as it is a testimony that whatever they can produce they can sell. If their produce cannot be taken on the domestic market, then it has the international market. And the more the demand for the produce increases, the more the local farmer can easily be encouraged to look at commercial production.

As demand sky rockets, so is the production scope shifting towards another dimension. It is time the middle-class takes up agriculture and that is what the Commodities Exchange is appealing for. The moment the middle class expands in



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the agriculture sector, the more the country can plan its production, get to the higher value market and bring in the much needed forex.

In Malawi, the middle class is very thin. The way the Malawi market is, the export base at the top of the pyramid of the population is very thin, then there are traders in between and the producers at the bottom of the pyramid.

Manyenje explains: "The producers' part at the bottom is very thick, there are fewer traders in between as intermediaries, and at the top are very few exporters. Unfortunately, in as far as value is concerned, in terms of the returns, the pyramid is inverted. At the higher end is where higher margins are. The next level is the traders. The least is the producers where you also have the highest population. The producer gets the crumbs and no doubt farmers cry foul time and again."

The bigger dream also centres at addressing the general local perception about farming.

Manyenje says a smallholder farmer is considered "wosauka, wakumudzi" and that this is inculcated in our mindset yet the farmers are poor because they are not benefiting from their produce.

"What the Exchange is doing is to open up the top end of the pyramid, pushing most of the producers to access the top end markets so that the margins they get can start widening it," said Manyenje.

He also believes that Malawi's working class need to join the top end of the pyramid as they have good access to credit better than the primary producers.

"If we get two hundred middleclass people, each growing 10 hectares, productivity would be different from the subsistence producer. And because they are a lot more informed and knowledgeable, we expect them to seek out markets upstream where the margins are higher. And such markets will start to incentivise them to increase production and others would learn from there. Instead of looking at farming as a rural employment, farming would become attractive for the urban population. Let the youthful working class go into commercial farming and seek the opportunities upstream," said Manyenje.

Import substitution

It is also the desire of AHL Commodities Exchange to become a key player in import substitution. Manyenje believes that the moment the quality and costing matches what Malawi is importing, there will be no need for imports.

"We want to support the local industry. It is the responsibility of agro-processors to patronize the market, we are here to provide their needs," explains Manyenje.

Common farmers' response

Farmers are always excited when they are assured of the market. There are others that have always been skeptical to an extent because they have been let down by the informal market. There are many stories where people have gone out and promise markets to farmers, collect produce from them and then disappear. Such duping has made some farmers being skeptical of new markets.

Manyenje agrees that farmers have fears: "They frankly say, yes you have come with a very good story but we are not sure yet."

To such farmers, they can only believe in the Commodities Exchange only when they hear it from others that have



patronized the market first.

The bigger dream

But as AHL is growing, its dreams are getting bigger and bigger.

Says Manyenje: "What we are looking forward to now is the mass patronage by the producers because they are very critical in this. There cannot be a market if the product is not there even when the demand is there. If producers are not patronising us then we cannot have the market. And on the other end, we will also not have the market if buyers are not there".

Stressing the dream further, Manyenje says: "We want to always be relevant to what stakeholders are looking for. Every other stakeholder that comes, even if it is just a transporter, we want them to find the market a relevant value adding platform. If it is a financial institution, it should be able to see value in partnering with us to develop products that support other stakeholders in the value chain, and therefore get a lot more patronage through their services".


The wider economic spectrum

Manyenje believes that the difference between poor and rich countries lies in the institutions that they create.

"We believe the exchange is one of the institutions in market linkages for a producing country. If we are to realise the vision of migrating from a predominantly importing and consuming country to a predominantly producing and exporting country, we have to talk about markets," Manyenje says.

He adds: "In terms of forex generation, we have to look at the value we are deriving from the rest of all other commodities except tobacco. At least tobacco has a structured market. Now the rest of the commodities can have a structured market. It means we can start telling now how much more forex we are deriving from all the commodities we produce in this country."

"While everybody can easily know how much tobacco generated for the country, there is hardly statistics on how much forex groundnuts or soya beans have contributed to the country," said Manyenje.



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