

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Malawi**



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This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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Profile last updated: 30 August 2016

RELEVANT JURISDICTIONAL AUTHORITY

Organisations	Institute of Chartered Accountants in Malawi (ICAM)
Role of the organisations	<p>The ICAM was established in August 2013 following the enactment of the Public Accountants and Auditors Act 2012 (PAA 2012) in July 2013. The PAA 2012 came into effect on 1 April 2014.</p> <p>Under the PAA 2012, the Society of Accountants in Malawi (SOCAM) and the Public Accountants Examination Council of Malawi (PAECM) merged to form ICAM. The PAA 2012 retained the former Malawi Accountants Board (MAB) with powers to regulate the accountancy profession in both training and practice. Under the PAA 2012, the ICAM has statutory authority to adopt accounting standards in Malawi.</p>
Website	http://www.icam.mw/
Email contact	icam@icam.mw

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes. By adopting IFRS Standards as the accounting framework in Malawi in 2001, the Society of Accountants in Malawi (SOCAM) – predecessor of the ICAM – made a public commitment to global accounting standards.
Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	Yes. By adopting IFRS Standards as the accounting framework in Malawi in 2001, the Society of Accountants in Malawi (SOCAM) – predecessor of the ICAM – made a public commitment to IFRS Standards as the global accounting standards.
What is the jurisdiction's status of adoption?	Malawi has adopted both full IFRS Standards and the <i>IFRS for SMEs</i> Standard.
Additional comments provided on the adoption status?	In 2001 ICAM (then SOCAM) adopted IFRS Standards as the applicable framework for all companies incorporated under the Companies Act in Malawi. Subsequently, ICAM has also adopted the IFRS for Small and Medium Entities Standard as the applicable framework for all non-publicly accountable entities, though such entities may choose to apply full IFRS Standards. Both sets of standards were adopted by reference, without modifications, and with the same effective date. 'By reference' means that if and when IFRS Standards or the <i>IFRS for SMEs</i> Standard are modified by the IASB Board, those modifications automatically are applicable in Malawi.
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Standards REQUIRED or PERMITTED?	Required.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.

For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Yes, required.
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	<p>In Malawi, all companies that have public accountability must use full IFRS Standards. In October 2009, ICAM published an official definition of an SME for purposes of determining which entities are permitted to use the <i>IFRS for SMEs</i> Standard. The ICAM determined that a company has public accountability – and therefore must use full IFRS Standards -- if:</p> <ul style="list-style-type: none"> • it is a listed company or is in the process of listing with the Malawi Stock Exchange or any other recognised stock exchange. • its articles of incorporation provide for unrestricted transfer of shares or it is a Public Company in terms of the Malawi Companies Act 1984. • it is permitted by its articles to offer shares to the public. • it holds assets in a fiduciary capacity for a broad group of outsiders, such as a bank, an insurance entity, securities dealer/broker, pension fund or mutual fund. • it is a corporation or company that is owned by the public through the Government. • it has a legal requirement to publish general purpose financial statements in any public media. • it is a material subsidiary of an entity with public accountability. <p>Companies incorporated under the Companies Act that do not have public accountability are SMEs and eligible to use the <i>IFRS for SMEs</i> Standard.</p>
If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?	Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?	Required.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.

IFRS ENDORSEMENT

Which IFRS Standards are required or permitted for domestic companies?	IFRS Standards as issued by the IASB, ie standards and amendments are adopted/endorsed as and when issued by the Board.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRS Standards and the requirements of the Malawi Companies Act.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	No.
Are IFRS Standards incorporated into law or regulations?	No.
If yes, how does that process work?	Not applicable.
If no, how do IFRS Standards become a requirement in the jurisdiction?	As the statutory accounting standards setter in Malawi, the ICAM has adopted IFRS Standards and the <i>IFRS for SMEs</i> Standard as requirements in Malawi.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	Endorsement of individual new or amended IFRS Standards is not needed. The ICAM has adopted IFRS Standards and the IFRS for Small and Medium Entities Standard as the applicable accounting frameworks in Malawi. This means that all new or amended IFRS Standards are automatically adopted in Malawi.
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS in the jurisdiction?	None.

TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	No. English is the official language in Malawi.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	Not applicable.

APPLICATION OF THE IFRS FOR SMEs STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Standard for at least some SMEs?	Yes.
If no, is the adoption of the <i>IFRS for SMEs</i> Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Standard?	No.

If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Standard in the jurisdiction, and are they required or permitted to do so?	<p>All companies incorporated under the Companies Act that do not have public accountability are required to use the <i>IFRS for SMEs</i> Standard unless they choose to use full IFRS Standards. The ICAM determined that a company has public accountability – and therefore must use full IFRS Standards -- if:</p> <ul style="list-style-type: none"> • it is a listed company or is in the process of listing with the Malawi Stock Exchange or any other recognised stock exchange. • its articles of incorporation provide for unrestricted transfer of shares or it is a Public Company in terms of the Malawi Companies Act 1984. • it is permitted by its articles to offer shares to the public. • it holds assets in a fiduciary capacity for a broad group of outsiders, such as a bank, an insurance entity, securities dealer/broker, pension fund or mutual fund. • it is a corporation or company that is owned by the public through the Government. • it is has a legal requirement to publish general purpose financial statements in any public media. • it is a material subsidiary of an entity with public accountability.
For those SMEs that are not required to use the <i>IFRS for SMEs</i> Standard, what other accounting framework do they use?	All companies incorporated under the Companies Act that do not have public accountability are required to use the <i>IFRS for SMEs</i> Standard unless they choose to use full IFRS Standards. There is no national GAAP in Malawi.
Other comments regarding use of the <i>IFRS for SMEs</i> Standard?	None.