



OVERSEAS
FREE FROM
AID

CHIPUTULA APPEAL PROPOSAL

**Help the Capacity Foundation to
become financially independent**

LOANS, NOT GIFTS, REQUESTED





Loans, not gifts, requested

When the Capacity Foundation started in November 2017, one objective was to make the charity financially self-sufficient within 10 years. We have two years left to reach that objective.

The Foundation currently receives about 30% of its income from its grocery and general store, Chanju, in Chintheche, a trading centre very close to the lakeside in the northern region of Malawi. The Trustees plan to open a much larger store in Mzuzu, Malawi's third-largest city about 50 miles from Chintheche. The location and footprint of the Mzuzu store – actually in the Chiputula neighbourhood of the city – means that it is expected to provide the balance of the funds needed by the Foundation for its operating costs.

We aim to raise £50,000 to build and equip the store in Chiputula. This document explains:

- How we have reached this point.
- Why we believe the Chiputula store will work.
- The loans we are seeking.
- The way the loans will be repaid over fixed periods.

The Capacity Foundation hopes you will be willing to help it become financially independent, holding its destiny in its own hands.



How we reached this point

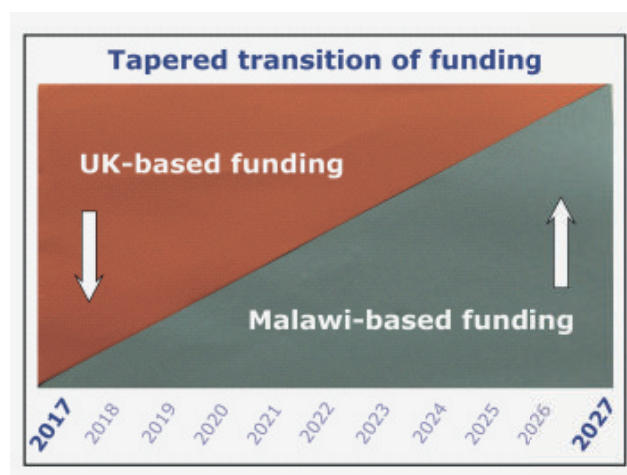
To recap: Capacity was founded to relieve poverty in one of the poorest areas of the poorest District in Malawi. Working in 40 villages comprising some 20,000 people in the northern region, our approach from the beginning has been to work toward a situation where funds generated within Malawi meet all of Capacity's operating costs (currently the equivalent of £43,000 a year).

Capacity runs four programmes, which you can read about in Appendix A; in summary:

- The Farming Improvement Programme maximises use of a key local asset, land.
- The Capacity Academy teaches adults literacy and numeracy.
- Microloans enable individuals and co-operatives to start or grow a business.
- The Youth Programme retains young talent locally and harnesses it for the community.

When Capacity started in November 2017, all of the money required was fundraised in the UK and transferred to Malawi to run the organisation locally. The objective is to have all the funds generated from within Malawi by December 2027.

The Covid pandemic retarded progress between 2020 and 2023 so that, presently, funds from the UK still account for some 70% of the charity's operational costs. The Chiputula project aims to close the gap.



Fundraising in the UK has taken the form of donations, a sponsored walk, craft sales, and events held in supporters' homes. Fundraising in the UK is envisaged to continue after the Chiputula Appeal, but the funds will be for special one-off projects and will no longer be necessary to cover the Malawi operation's costs – making Capacity self-funding and ensuring its future.



Why we believe the Chiputula store will succeed

Chintech, the location of our first store, has a population of about 6,000-6,500 and draws people in from nearby villages. Chanju Chintech produced the following figures for financial year 1st July 2024 to 30th June 2025:

	Kwacha	GBP
Stock purchased	285,025,952	123,924
Stock sold	351,119,832	152,661
Markup (23%)	66,093,880	28,736
<i>minus</i>		
Overheads	21,182,083	9,210
Capacity Foundation	22,700,000	9,870
Surplus	22,211,797	9,657

Looking at the markup sum of K66 million:

- K21.2 million was paid in overheads for running the shop – staff (K9 million); rent, electricity, water, service contracts (e.g. CCTV), repairs and renewals, and transport (K12 million)
- K22.7 million was paid to the Capacity Foundation
- The balance, some K22.2 million, was held over to the next financial year

Chanju management and staff are responsive to customer preferences and often buy-in new lines of product after feedback from customers.

It is anticipated that Chiputula will be much more profitable

Chiputula (see maps on page 5), situated in the north-eastern part of Mzuzu, has a local population of about 13,000 (twice that of Chintech) and has certain other crucial advantages over the latter:

- the site is next to a large residential area, schools and businesses
- it has no direct competition
- it is situated very close to the main through-road, the M1
- the affluence levels are significantly higher than in Chintech and this relates to spending power.

Chanju Chintech's average daily sales were K780,000 in 2024-25: Emily Nkhoma, our General Manager who runs the Capacity Foundation and Chanju, estimates daily sales at Chiputula will be K3 million a day (3.8 times the value of sales at Chintech) in the first full year. The forecasts in this document illustrate calculations using multipliers of two, three,



and four times Chintheche's value of sales. The profit figures are before corporation tax; however, owing to the considerable investment sums and other accounting factors, it is not expected that there will be any corporation tax payable for some time. The illustrations below are in both the Malawi currency, the kwacha, and sterling for purposes of comparison.

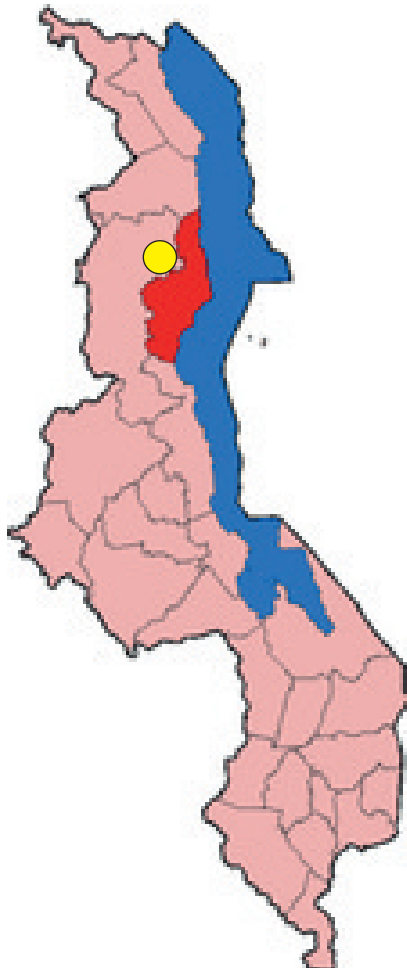
A - Forecast based on Chintheche sales value x 2			
CHINTHECHE 2024-25		CHIPUTULA FIRST FULL YEAR	
	Kwacha	Kwacha	GBP
Stock purchased	285,025,952	570,051,904	247,849
Stock sold	351,119,832	702,239,664	305,322
Markup value	66,093,880	132,187,760	57,473
<i>Of which:</i>			
<i>Salaries and related</i>	8,764,569	25,000,000	10,870
<i>Non-stock</i>	12,417,514	15,000,000	6,522
Margin	44,911,797	92,187,760	40,082
<i>Paid to Capacity</i>	22,700,375	36,000,000	15,652
Surplus	22,211,422	56,187,760	24,429
B - Forecast based on Chintheche sales value x 3			
CHINTHECHE 2024-25		CHIPUTULA FIRST FULL YEAR	
	Kwacha	Kwacha	GBP
Stock purchased	285,025,952	855,077,857	371,773
Stock sold	351,119,832	1,053,359,496	457,982
Markup value	66,093,880	198,281,639	86,209
<i>Of which:</i>			
<i>Salaries and related</i>	8,764,569	25,000,000	10,870
<i>Non-stock</i>	12,417,514	15,000,000	6,522
Margin	44,911,797	158,281,639	68,818
<i>Paid to Capacity</i>	22,700,375	48,000,000	20,870
Surplus	22,211,422	110,281,639	47,949
C - Forecast based on Chintheche sales value x 4			
CHINTHECHE 2024-25		CHIPUTULA FIRST FULL YEAR	
	Kwacha	Kwacha	GBP
Stock purchased	285,025,952	1,140,103,809	495,697
Stock sold	351,119,832	1,404,479,328	610,643
Markup value	66,093,880	264,375,519	114,946
<i>Of which:</i>			
<i>Salaries and related</i>	8,764,569	25,000,000	10,870
<i>Non-stock</i>	12,417,514	15,000,000	6,522
Margin	44,911,797	224,375,519	97,555
<i>Paid to Capacity</i>	22,700,375	60,000,000	26,087
Surplus	22,211,422	164,375,519	71,468



Location of the new Chanju



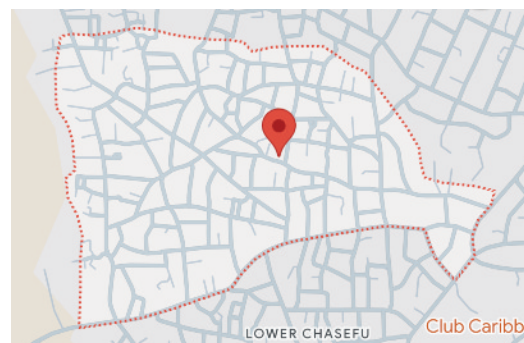
Malawi, shown bright red on the map, is one of the smallest countries in southern Africa with a population of 22 million, half of whom are 15 years old or younger. Its economy is overwhelmingly agricultural, though there is a growing service sector.



Mzuzu, marked yellow, is situated in Mzimba District, which neighbours the red-coloured Nkhata Bay District where the Capacity Foundation operates.



Mzuzu is the main city in the northern region, and with a population of over 222,000 it is the third largest city in Malawi. It hosts an airport, a major hospital and a university.



Chiputula got its name from stubborn green grasses that were at one time common in the area. Its population is over 13,000 and growing.



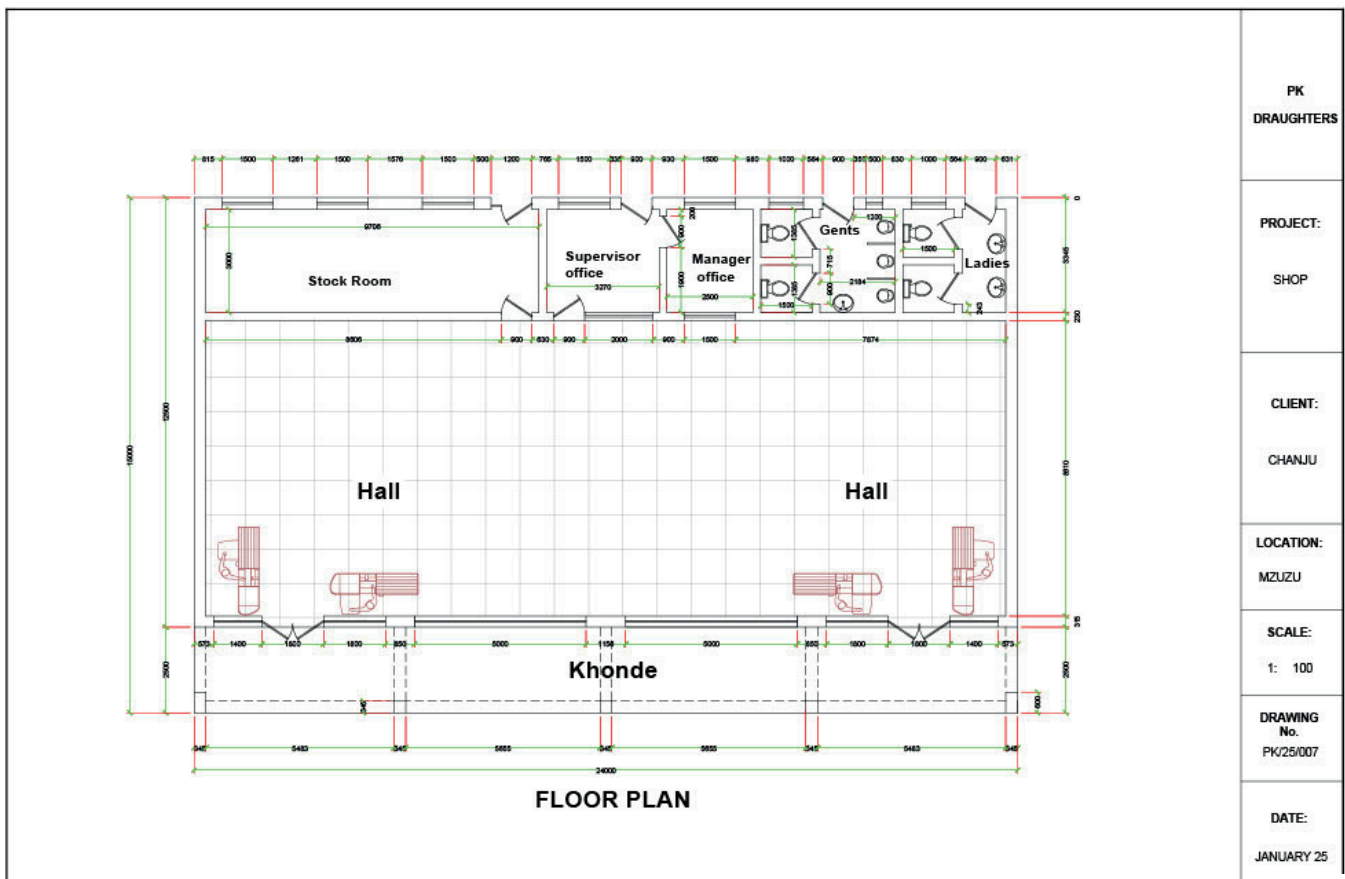
The loan we are seeking

The capital required to build and equip the new store is £50,000 – sufficient to:

- construct a building comprising
 - sales hall
 - stock room
 - staff room*
 - manager's office
 - toilets
- equip the structure with
 - point-of-sale furnishings (booth, laptop, card reader etc)
 - shelving
 - freezers and drinks cabinets
 - CCTV
 - safety equipment
 - and make ready for solar energy including battery storage

Construction and equipping has been costed at K90 million, and a contingency of K20 million has been added to allow for price increases: the total, K110,000,000, is equivalent to £50,000. The shop's sales area is about 2,200 square feet; the floor plan is shown below.

* The staff room is described as supervisor's office on the floor plan. A khonde is a verandah.





Loan details

The project will not go ahead until all of the necessary £50,000 is received. Should the project be oversubscribed, we will prioritise those offers that offer Capacity the most favourable terms.

Investment does not offer membership, control, or voting rights. The details of the loan schedule are:

1. Expressions of interest will be invited from 29th September 2025 and will close on 31st October 2025.
2. The construction will commence once the full £50,000 has been pledged.
3. The minimum sum that can be loaned is £1,000; there is no upper limit.
4. The loan period may be shortened should the performance of the new shop exceed expectations.
5. Individuals' loans will be repaid only in full as scheduled, not in part.
6. The first repayment of loans will be 36 months after the loans have been made.
7. Interest will be paid annually on the amount loaned, as indicated by the table below.

	A B		C D		E F	
	First 3 years (p.a.)		4 years (p.a.)		5 years (p.a.)	
Investment	4%	total	4.25%	total	5%	total
£1,000	£40	£120	£43	£163	£45	£208
£2,000	£80	£240	£85	£325	£90	£415
£3,000	£120	£360	£128	£488	£135	£623
£4,000	£160	£480	£170	£650	£180	£830
£5,000	£200	£600	£213	£813	£225	£1,038
£6,000	£240	£720	£255	£975	£270	£1,245
£7,000	£280	£840	£298	£1,138	£315	£1,453
£8,000	£320	£960	£340	£1,300	£360	£1,660
£9,000	£360	£1,080	£383	£1,463	£405	£1,868
£10,000	£400	£1,200	£425	£1,625	£450	£2,075

- All lenders will receive interest of 4% for each of the first three years – the figure in column A annually, totalling the figure in column B. '3-year' lenders will receive their loan back in full at the end of the third year.
- Lenders investing for 4 years will receive interest of 4.25% for their fourth year. They will receive the total in column D. '4-year' lenders will receive their loan back in full at the end of the fourth year.
- 5-year lenders will receive interest of 5% in their fifth year, and they will receive the total interest shown in column F. '5-year' lenders will receive their loan back in full at the end of the fifth year.

The interest rates and periods of loan are designed to encourage lenders to leave their investment in for as long as possible.



Terms and Conditions

1. Interest

Interest shall be paid on loans at the annual rate agreed in advance and detailed on the Loan Certificate.

2. Payment of interest

With the agreement of the Trustees, lenders may elect to receive their due interest annually or to have it added to their loan for repayment when the loan sum is due.

3. Repayment of loans

Loans shall be repaid in full on the date(s) agreed by both parties. The Capacity Foundation may at its discretion accept applications for early repayment of loans subject to the following conditions:

- a. A written notice stating the amount requested to be paid should be posted or emailed to the Foundation quoting the reference number on the Loan Certificate.
 - a. Early repayment of loans shall normally be made within the following periods of time after proper notice has been received: £1,000 to £3,000: three months; over £3,000: four months.
 - b. In the event of receiving multiple applications for early repayment, the Foundation will prioritise the loans attracting the highest interest.

4. Repayment on default

The Capacity Foundation shall repay the loans in full immediately in the event that the Foundation

- a. is in breach of these Terms and Conditions;
- b. is overdue on any payment by 28 days or more;
- c. passes a resolution for winding up or goes into liquidation or is de-registered as a charity.

5. General

- a. These Terms and Conditions do not confer on lenders any rights to attend meetings or to vote or to participate in any way in the management or conduct of the Capacity Foundation, other than those who are Trustees of the Foundation whose existing rights are unaffected.
- b. A lender may transfer their loan with the consent of the Capacity Foundation provided the transferee is considered by the Foundation to be a fit and proper person.
- c. The Trustees of the Foundation reserve the right to vary these Terms and Conditions where they are required to do so by law or with the agreement of all of the lenders.
- d. The Trustees bear no individual liability for the operation of the loans project.
- e. The loans sought under this project are unsecured, meaning that, should the project fail, you have no protection against loss of the funds you have loaned.



Appendix A – What Capacity does

Capacity's Programmes

The Capacity Foundation's four programmes were created in response to a community discussion held in 2015 in Chituka (one of the largest of the forty villages comprising the Malenga Mzoma traditional administrative area); and following a subsequent household-level survey carried out among most of the villages in 2016.

Farming Improvement Programme

Two Capacity staff members run up to nineteen development fields where 'best practice' techniques are taught. Each field has a Lead Farmer who passes on the training to about 15 farming families each. The FIP also runs training in making bokashi, an organic fertiliser made from locally-accessible ingredients that avoids the use of expensive commercial alternatives (*see picture, right*).



Capacity Academy

The Academy teaches adults how to read and write in their national language, Chichewa. Ten classes exist, each meeting two afternoons a week, led by seven teachers. Over a thousand have graduated since 2017: each one receives a certificate showing they passed.



Microloans

Capacity issues small loans to people and co-operatives who want to start or grow a business. Applicants go on Capacity's business skills course and repay their loan over 10 months. A 20% levy on top of the loan is paid into a Social Action Fund which pays for community infrastructure as determined by the representatives of the villages.



Youth Programme

To encourage young people to remain in their community, the Youth Programme runs nine clubs that foster social responsibility while also affording opportunities to obtain vocational skills. There is also a children's parliament where youngsters can lobby community leaders on any issue.





Appendix B – Loan Submission Form

Target: £50,000

Invitation open 29th September to 31st October 2025

I/ We _____
(full name in BLOCK CAPITALS)

of _____

(full address in BLOCK CAPITALS)

wish to lend £ _____ to the Capacity Foundation Chiputula Appeal over a period
of _____ years (please indicate 3, 4 or 5 years).

I /We have read and accept the Terms and Conditions contained in the Appeal Proposal
reference Chiputula Appeal Terms & Conditions 09/25.

Signature _____ Date _____

Signature _____ Date _____

Please return this form to

The Capacity Foundation
Brooklands Cottage, Ffordd-y-Bont, Pontybodkin CH7 4TS

or by email to **stephenmaund@hotmail.co.uk**

Should you have any questions or need any clarification, please contact
Stephen Maund by email as above or by phone: 07779 338343.