

DRAFT 6

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**THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT
ANNUAL REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 2017**

PRESIDENT'S REPORT

My first full year of service as the International President of the Institute has had the focus of Young Professionals and Women in Logistics and Transport being an integral part of our organisation and a strong reason for joining us. This is supported by my view that we need to continue to exercise good governance and to enable growth. To support this last year, we made it mandatory for country organisations to include their Young Professional and WiLAT representatives on their country board and councils. We had a small but growing number of Young Professionals at our Macao convention in June and the programme for the 2018 convention in Poland is seeking to attract more with countries being requested to bring at least two Young Professionals to that event. Leading this is our global convenor, Elliot Price, who has successfully engaged a global group of YP regional leads who meet regularly and communicate strongly on social media.

Leading strongly our programmes and growth in WiLAT has been Aisha Ali Ibrahim with support from her Global Advisor and her deputy convenor, Vicky Koo. WiLAT continues to drive membership through to CILT countries and to hold many country and regional activities and event. The spectacular awards evening held in Macao proved WiLAT's capability to set the highest bar on organisation and execution. The very successful mentoring programme launched in CILT Sri Lanka is now spreading across the CILT world and is bringing in younger members, involving senior members productively and increasing our external profile with businesses and professionals.

Our organisation is global with global governance and delegated authorities to country organisations. We continue to put high focus at a Trustee level on good governance. This is shared across the countries and during the year we shared the charities governance paper created by my home membership body CILT Ireland with the International Management Committee. With great regret the Trustees had to withdraw education control from CILT India in April 2017 as a result of unacceptable standards being set with a local training provider; since then we have been working with CILT India to re-establish strong controls and a programme of education growth in India. We continue to request countries meet their fee and reporting obligations.

Our education income increased year on year in 2017 by 17% with 14 new training partners accredited. We have no dominant partner but a large number of our education institutes registering between 10 and 200 students spread across now more areas of the globe. Africa continues to be the largest number of students with our development areas being focused on bringing CILT education courses to more students in Oman, India, Pakistan and South Africa

It is all too obvious that we face a tough environment in which to establish and maintain membership. Many countries have experienced falling membership in the course of 2017. Some of that fall has resulted from a focus on ensuring that members pay their annual dues and removing members who default, as well as reviewing how membership programmes can result in numbers but no tangible financial benefit. These efforts will continue to improve our membership records and quality. In other countries there has been strong growth, as CILT gains greater recognition and provides a strong membership offering. Sri Lanka, Nigeria and Malaysia are good examples of how membership growth in double digit percentages can be achieved.

We continue to seek to expand our geographical presence and welcomed CILT Kazakhstan as our 34th country in June 2017. This resulted from engagement on education and training and it has been very encouraging how quickly the branch has established offices and started to run CILT education programmes. We plan to use this as a base for reaching out further into central Asia and Eastern Europe.

Our success in recent years has been based on our global brand and global professional membership who have worked tirelessly to join up and share experiences. This is under our much-copied banner, Stronger Together. In 2017 we met in Macao and Xuzhou as an international community and in 2018 we look forward to meeting in Abuja, Wroclaw and Changsha. These international events are all growing in numbers of attendees as demonstrated already in 2018 with more than 350 attendees at the successful Africa Forum in March in Abuja.

KEVIN BYRNE

International President

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Chartered Institute of Logistics and Transport

TRUSTEES' REPORT

The trustees present their report and the audited financial statements for the year ended 31 December 2017.

The financial statements comply with the Institute's Charter and Bye-laws, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) which was effective from 1 January 2016.

Purpose

Our Royal Charter states our purpose is to "promote, encourage and co-ordinate the study and advancement of the science and art of transport and logistics in all its forms".

Activities

To achieve our purpose we provide knowledge on a worldwide basis to people entering, working and connecting with the logistics and transport professions. Our members work in a number of areas including global supply chains, freight transport, passenger transport, international trade and infrastructure and planning. Their professional activities utilise multiple modes of transport, engage with commercial and public sector organisations and cross international borders. All of them play an important part in the design, implementation, operation and optimisation of networks and services for the time related positioning of resources. Our members gain knowledge by pursuing accredited professional educational programmes that lead, with appropriate management experience, to recognised professional qualifications.

We seek to:

- Supply excellent people throughout their career to our professions
- Share best practice with fellow professionals
- Support lifelong learning with continuing professional development
- Work with accredited educators and trainers to provide learning and practical research
- Promote holistic logistics and transport policy to shape our communities and economies

We do this by:

- Having stimulating meetings, lectures, exhibitions and visits
- Distributing useful information promptly in a variety of formats
- Building an international network and facilitating beneficial links between members
- Encouraging energetic young members
- Celebrating our members' successes

Financial Review

The result for the year for the unrestricted general fund was a net deficit of £14k prior to gains on investment of £21k, resulting in a net transfer to reserves of £7k. The general fund unrestricted result was a surplus of £21k (effectively the operational surplus) prior to a charge of £35k recognised in the year related to a correcting adjustment for indirect tax costs.

Educational income increased 17% to £368k (2016 - £313k) from which a contribution of £69k was derived (£55k). Subscription and fees income slightly increased to £117k (£116k). Governance costs decreased significantly to £77k from £99k due principally to costs incurred in 2016 to manage branch issues. Secretarial, presidential and VP costs increased to £105k from £98k.

Investment returns were in line with the benchmarks set for the investment strategy.

Achievements, measures of success, plans & strategies

The Institute's objectives continued to be set by the Plan on a Page strategic document for the year. Membership numbers increased slightly driven principally by Sri Lanka, Nigeria and Malaysia but in many countries fell back or stayed the same. Financial targets were met or exceeded with education income again increasing. The strategy to

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TRUSTEES' REPORT (continued)

focus growth in China continued to develop with the new branch in Kazakhstan an important step forward in the year enabling a focus on Belt and Road countries where logistics and transport developments and skills are key economic priorities. Disappointingly we continue to remain static in India where we also have focused on growth but a greater dialogue has enabled the development of an action plan in this country.

During the year the Trustees met to consider plans for the centenary year and began to build a strategy entitled "2019 and Beyond". This reflects on the risks facing the organisation as a membership organisation in the coming years and how the value of membership is changing and being challenged in many countries. It also began to review the opportunities for the organisation in becoming relevant to a wider, diverse membership and developing its education products on a global scale. This review will be completed in 2018.

Status and trustees meetings

The Chartered Institute of Logistics and Transport (CILT) is an incorporated charity governed by its Royal Charter and Bye-laws. It is registered as a charity in England and Wales, registered number 313376. The trustees of CILT, appointed by the Council hold the following offices: President, two UK domiciled Vice Presidents, Honorary Secretary, Honorary Solicitor and Honorary Treasurer. The trustees must meet a minimum of once a year, but in practice meet at least quarterly. The governing documents of CILT are its Royal Charter and Bye-Laws. Changes to these documents require the approval of the Privy Council, subsequent to the agreement of the voting members of CILT. The Royal Charter was granted in 1926. The bye-laws were most recently revised in April 2010.

The supreme governing body of CILT is the Council, known as the **Council of Trustees (CoT)**, which comprises the President, the President-Elect, two International Vice Presidents resident in the UK, the Honorary Treasurer, Honorary Solicitor and Honorary Secretary. The CoT is chaired by the President.

CoT appoints the President and President-elect, each of whom serves a two year term of office and also approves the appointment of the International Vice-Presidents, who ordinarily serve a three year term, which the CoT may agree to extend.

The trustees maintain an up-to-date knowledge of the responsibilities of being a charity trustee and CILT carries indemnity insurance in respect of their role as trustees. CILT's liabilities are limited in the Charter and Bye laws to the level of £1 per member.

Key Management Personnel

The trustees consider the board of trustees and the senior management team (Secretary-General and Finance Director) comprise the key management personnel of CILT in charge of directing and controlling, running and operating the charity on a day to day basis. The remuneration for the Secretary General is set at the annual budget review and agreed by both the IAC and IMC. Remuneration rates remained at previous years' levels. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses are disclosed in Note 5 to the accounts.

International Council

International Council comprises representatives of the Territorial Organisations (TOs) and International Branches (IBs) established around the world. The International President chairs the International Council. It is the forum for the representatives of all members of CILT to;

- Develop CILT's global strategy
- Establish professional membership and ethical standards
- Establish international standards for professional education and continuing professional development
- Confirmation of the appointments of the Council of Trustees.

It meets once a year at CILT International Convention.

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TRUSTEES' REPORT (continued)

International Management Committee (IMC)

IMC is charged with implementing the strategy developed by the International Council and ensuring the effective administration of CILT's day-to-day business. IMC comprises the President and President-elect, the International Vice Presidents and the Honorary Officers. The Secretary-General is a non-voting member of IMC. IMC must meet a minimum of twice per year but in practice meets quarterly. IMC is chaired by the President-elect.

International Audit Committee (IAC)

IAC is charged with the oversight of CILT's activities to ensure they meet the requirements of charity law, financial management best practice and comply with statutory accounting requirements. It is also responsible for the management of CILT's funds and investments. IAC meets a minimum of twice per year in addition to meeting the CILT's auditors. In practice the meetings reflect the cycle of meetings of trustees and IMC. IAC is chaired by the Honorary Treasurer.

The International Secretariat

The CoT also appoints a Secretary General, who is the senior executive officer of CILT. The Secretary General is charged with managing the affairs of CILT and the Secretariat and is accountable to the CoT.

Significant support is provided by certain territorial organisations, namely;

- CILT(UK) which provides finance, treasury, company secretary and legal services
- CILT Ireland which administers education finance activities worldwide.
- CILT Hong Kong which manages the administration of membership worldwide.

The other principal officer is the Director of Finance, who is the Director of Finance of CILT(UK). In this capacity, he reports to the Secretary-General and attends meetings of the IMC and IAC.

The International Family

CILT has members working in more than 100 countries. There are like minded organisations formed by our members in 34 countries. These are either territorial organisations or branches formally recognised by the Council of Trustees. They are responsible for representing the interests of CILT and its members in the relevant territory.

The delegated powers and responsibilities of the Territorial Organisations are set out in CILT's bye-laws. These organisations are legally and financially independent of CILT. However, the trustees retain the power to withdraw recognition should the conduct of the territorial organisation be in breach of, or inconsistent with, CILT's Royal Charter and Bye-laws.

Institute Branches are established by resolution of the Council of Trustees, which will determine the nature and extent of any delegation of powers on a case-by-case basis, with the Secretary-General having oversight of their activities. Both the Territorial Organisations and CILT Branches may use the word "*Chartered*" in their name and use the international brand and logo of CILT, subject to the Bye-laws.

Public Benefit

In setting the objectives, planning the activities, and reporting on the performance of the charity the trustees have given careful consideration to the Charity Commission guidance on public benefit. Efficient logistics and transport operations have a positive impact on all our communities. Mobility facilitates trade, provides access to services and improves communications. By disseminating knowledge about logistics and transport we have a constructive influence on communities, business and social activities.

We also ensure our members, and the communities we serve, are more aware of the responsibilities our professions bear for the environmental impact of logistics and transport activities and the contribution we can make to sustainable development – maximising efficiency to minimise carbon footprint and costs.

At the end of 2017 there were 2,500 registered students studying CILT International Professional qualifications, short courses, endorsed programmes and other training associated with CILT. In addition, CILT supports Aspire, a careers foundation which provides financial support to those who would otherwise be unable to access professional development education in Logistics and Transport. Aspire is administered as part of CILT(UK).

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TRUSTEES' REPORT (continued)

Trustees' Responsibilities Statement

The trustees are responsible for the preparation of financial statements for each accounting year that give a true and fair view of the state of financial affairs of CILT as of the end of the year, and of the result for the year.

In preparing those financial statements the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that CILT will continue in business.

The trustees consider that they have complied fully with these requirements in preparing the financial statements on pages 13 to 20. The trustees have responsibility for ensuring that CILT keeps accounting records which disclose with reasonable accuracy the financial position of CILT at any time and which enable them to ensure that the financial statements comply with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The trustees have general responsibility for taking such steps reasonably open to them to safeguard the assets of CILT and to prevent and detect fraud and other irregularities. The trustees have taken all the necessary steps to make us aware, as trustees, of any relevant audit information and to establish that the auditors are aware of the information.

Risk Management

CILT's strategic review has produced a plan setting out the major opportunities available to the charity and the risks to which it is exposed. The Trustees monitor progress against the strategic objectives set out in the plan that is reviewed annually.

Reserves Policy and Unrestricted Funds

Unrestricted funds, represented by the General Fund, are those utilised by the trustees without specific conditions imposed upon them except for the imperative that they are used for the furtherance of CILT's charitable objectives. These funds represent the free reserves of the charity. The trustees have considered the appropriate level of free reserves together with the incidence of costs within the General Fund.

The trustees have decided that free reserves are targeted to fall within an acceptable operating range of a minimum of the equivalent of six months' annual expenditure and a maximum of the equivalent of two years' annual expenditure as disclosed in the latest audited accounts. The trustees' opinion is that the free reserves will fall within this range within the next two years as a result of a budgeted surplus for 2018 and expected surplus for 2019.

The year end general fund balance is £216k which represents 5 months of the budgeted 2018 annual expenditure and the trustees consider this level of reserves to be sufficient for the continuing operations of the charity. The trustees note that over 90% of the investments held are able to be realised into liquid funds within 24 hours so there is minimal liquidity risk.

Website

The trustees are responsible for the corporate and financial information included on the CILT website.

Endowment Funds

In November 2002 The Charity Commissioners for England and Wales approved a new endowment fund for CILT. Like its predecessors, income from the fund is used in the furtherance of CILT's principal charity objective of education. Further details are set out in Note 10 to the accounts. Investec Wealth and Investment have managed CILT's investments since September 2011.

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TRUSTEES' REPORT (continued)

Investment Power and Policy

Our Royal Charter or Bye-laws do not restrict CILT's investment powers. We have granted discretionary powers to the investment manager, Investec Wealth and Investment.

The investments are classified as fixed assets and are held to provide income to CILT with medium risk. To achieve this objective the fund manager now holds two diversified portfolios of suitable investments. Changes in the investment portfolio are set out in Note 7 to the accounts.

Auditors

A resolution to reappoint Mazars LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Trustees

The following trustees have served during the year:

Jan Steenberg
Stephen Rinsler
Rupert Nichols
David Pugh
Kevin Byrne
Bernard Auton (resigned 1 January 2018)
Alan Jones (appointed 1 January 2018)

Officers

The following officers have served during the year:

President	Kevin Byrne	Ireland
International VPs	Jan Steenberg	UK
	Bernard Auton	UK
	Neville Binning	Australia
	Romesh David	Sri Lanka
	Gilles Legault	Canada
	Sunny Ho	Hong Kong
	Radzak Malek	Malaysia
	Francis Ehiguese	Nigeria
	Finbarr Cleary	Ireland
	Teete Owusu	Chair Africa Forum
Honorary Solicitor	Rupert Nichols	
Honorary Treasurer	David Pugh	
Honorary Secretary	Stephen Rinsler	
Secretary General	Keith Newton	
Director of Finance	Andrew Weatherill	

Advisors

Auditors	Mazars LLP 90 Victoria Street Bristol, BS1 6DP
Bankers	Barclays Bank plc 8 Market Place, Kettering, Northants
Investment Managers	Investec Wealth and Investment Limited 2 Gresham Street, London
Solicitors	Stone King LLP 16 St John's Lane, London

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TRUSTEES' REPORT (continued)

Registered office and principal address:

The Chartered Institute of Logistics and Transport
Earlstrees Court
Earlstrees Road
Corby
Northants
NN17 4AX
United Kingdom

Membership of Governing Groups

The membership of the governing group for the forthcoming year is as follows:

Name	Designation	Country	Group(s)
Kevin Byrne	President	UK	CoT (Chair), IMC, IAC (non voting)
David Pugh	Honorary Treasurer	UK	CoT, IMC, IAC (Chair)
Rupert Nichols	Honorary Solicitor	UK	CoT, IMC, IAC
Stephen Rinsler	Honorary Secretary	UK	CoT, IMC, IAC (non voting)
Jan Steenberg	IVP	UK	CoT, IMC
Alan Jones	IVP	UK	CoT, IMC
Romesh David	IVP	SL	IMC
Gilles Legault	IVP	NA	IMC
Sunny Ho	IVP	HK	IMC
Neville Binning	IVP	AUS	IMC
Radzak Malek	IVP	ML	IMC
Francis Ehiguese	IVP	NIG	IMC
Teete Owusu	Chair Africa Forum	GHANA	IMC
Finbarr Cleary	IVP	IRL	IMC
Aisha Ali Ibrahim	WiLAT Convenor	NIG	IMC
Elliot Price	IYP Convenor	AUS	IMC
Mike Pestereff	Audit Committee	UK	IAC
Graham Harrison	Audit Committee	UK	IAC
Harriet Leung	HK Executive Manager	HK	IMC (non voting)
Kevin Richardson	UK CEO	UK	IMC (non voting)
Andrew Weatherill	Director of Finance	UK	IMC, IAC (both non voting)
Keith Newton	Secretary-General	UK	CoT, IMC, IAC (all non voting)

By order of the trustees

Stephen Rinsler
Secretary to the trustees
17 May 2018 (for updating)

**THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT
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**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT**

Opinion

We have audited the financial statements of The Chartered Institute of Logistics and Transport (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;

or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustee's report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report. We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Report;

or

- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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**INDEPENDENT AUDITOR'S REPORT (continued)
TO THE TRUSTEES OF THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT**

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and regulations made or having effect thereunder. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Signed:

Mazars LLP Chartered Accountants and Statutory Auditor
90 Victoria Street Bristol BS1 6DP
Date:

**THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT
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**STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)**

	Note	Unrestricted Funds 2017	Endowment Funds 2017	Total Funds 2017	Unrestricted Funds 2016	Endowment Funds 2016	Total Funds 2016
Income and endowments from:		£000	£000	£000	£000	£000	£000
Charitable activities	2	487	-	487	410	-	410
Investments	3	10	14	24	9	14	23
Total income		<u>497</u>	<u>14</u>	<u>511</u>	<u>419</u>	<u>14</u>	<u>433</u>
Expenditure on:							
Raising funds	4	2	4	6	2	4	6
Charitable activities	5	509	12	521	466	33	499
Total expenditure		<u>511</u>	<u>16</u>	<u>527</u>	<u>468</u>	<u>37</u>	<u>505</u>
Net Contribution / (deficit)		(14)	(2)	(16)	(49)	(23)	(72)
Net gains on investments		21	30	51	33	47	80
Net (expenditure)/income		<u>7</u>	<u>28</u>	<u>35</u>	<u>(16)</u>	<u>24</u>	<u>8</u>
Reconciliation of funds							
Funds bought forward 1 January 2017		209	532	741	225	508	733
Funds carried forward 31 December 2017		<u>216</u>	<u>560</u>	<u>776</u>	<u>209</u>	<u>532</u>	<u>741</u>

The notes on pages 15 to 20 form part of these accounts.
The income relates to continuing activities.

**THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT
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BALANCE SHEET

	Notes	2017 £000	2016 £000
Fixed assets			
Investments	7	<u>806</u>	<u>836</u>
Current assets			
Debtors	8	8	9
Cash at bank and in hand		<u>47</u>	<u>50</u>
		<u>55</u>	<u>59</u>
Current liabilities			
Creditors falling due within one year	9	(85)	(154)
		<u>(85)</u>	<u>(154)</u>
Current assets less current liabilities		(30)	(95)
Total assets less current liabilities		<u><u>776</u></u>	<u><u>741</u></u>
Endowment funds	10	560	532
Unrestricted income funds	11	216	209
	12	<u><u>776</u></u>	<u><u>741</u></u>

The notes on pages 15 to 20 form part of these accounts

Signed on behalf of the trustees on 17 May 2018

Stephen Rinsler
Honorary Secretary

David Pugh
Honorary Treasurer

**THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT
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NOTES TO THE ACCOUNTS

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the charity's financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements have been prepared on the basis that the charity is a going concern. The trustees consider that there are no material uncertainties on the charity's ability to continue its activities for the foreseeable future. They have approved a detailed income and expenditure budget for 2018, the charity has a regular stream of income and its reserves policy means that it will be able to meet its obligations and have sufficient time to mitigate against any unforeseen circumstances.

Income

Fees are taken into account when received and fees in advance are carried forward. Other turnover is based on receipts from services invoiced. Interest receivable on funds held on deposit is included when receivable and the amount can be measured reliably. This is normally when the charity is notified of the interest paid.

Expenditure

All expenditure is recognised in the Statement of Financial Activities on the accruals basis and has been classified under headings that aggregate all costs related to the category. Cost headings include the irrecoverable VAT attributable to that particular activity.

Investments

Investments held as fixed assets are a form of basic financial instrument and are initially recognised at their transaction value and subsequently stated at their fair value at the balance sheet date using the closing quoted market price. Income arising from investments is recognised as it arises and allocated to the appropriate fund on a proportionate basis agreed by the trustees. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year, again allocated to the appropriate fund on a proportionate basis agreed by the trustees. The charity does not acquire options, derivatives or other complex financial instruments.

Fund accounting

Unrestricted funds are charitable funds without any specified purpose and can be used in accordance with the charity's objects. The Endowment fund is used for the specific purpose of advancing education in the fields of logistics and transport by the provision of funds for educational purposes.

Expenditure

All expenditure is recognised in the Statement of Financial Activities on the accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Costs of generating funds are resources used by the charity to provide membership services, including costs relating to the Director General and Vice Presidents, and other business costs. The apportionment and allocation of costs under governance costs follow recommendations included in the SORP. Cost headings include any irrecoverable VAT attributable to that particular activity.

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Debtors and accrued income

Debtors and accrued income are recognised where the charity has a reasonable expectation of realising an amount due from a past event where that amount can be measured or estimated reliably. Debtors and accrued income are normally recognised at their realised amount.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term bank deposits.

Foreign currencies

Foreign currency transactions are translated at an average rate for the day. Assets and liabilities, expressed in foreign currencies, are translated at the rates of exchange prevailing at the balance sheet date. Exchange gains or losses are charged or credited to the Statement of Financial Activities.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity only has financial assets of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. Income from Charitable Activities

	Unrestricted Funds 2017	Endowment Funds 2017	Total Funds 2017	Unrestricted Funds 2016	Endowment Funds 2016	Total Funds 2016
	£000	£000	£000	£000	£000	£000
Subscriptions and fees	118	-	118	116	-	116
Education	368	-	368	313	-	313
Annual convention	1	-	1	(19)	-	(19)
	<u>487</u>	<u>-</u>	<u>487</u>	<u>410</u>	<u>-</u>	<u>410</u>

Income generated from subscriptions and activities with territorial organisations and branches, are accounted for in the United Kingdom and receivable in sterling. The Annual Convention was organised centrally for the first time due to operational issues in the original host country. From 2016 onwards the organising of the convention, and financial responsibility thereof, reverts to the territory that has successfully applied to host the event.

3. Income from Investments

	Unrestricted Funds 2017	Endowment Funds 2017	Total Funds 2017	Unrestricted Funds 2016	Endowment Funds 2016	Total Funds 2016
	£000	£000	£000	£000	£000	£000
Income from managed portfolio	<u>10</u>	<u>14</u>	<u>24</u>	<u>9</u>	<u>14</u>	<u>23</u>

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NOTES TO THE ACCOUNTS (continued)

The investment portfolio is managed by Investec Wealth and Investment Limited. Details of the valuation, asset allocation and the analysis between unrestricted funds and endowment funds are contained within note 7.

4. Cost of Raising Funds

	Unrestricted Funds 2017	Endowment Funds 2017	Total Funds 2017	Unrestricted Funds 2016	Endowment Funds 2016	Total Funds 2016
	£000	£000	£000	£000	£000	£000
Investment management fees	2	4	6	2	4	6

5. Cost of Charitable Activities

	Unrestricted Funds 2017	Endowment Funds 2017	Total Funds 2017	Unrestricted Funds 2016	Endowment Funds 2016	Total Funds 2016
	£000	£000	£000	£000	£000	£000
Membership and fees:						
Secretariat and member administration	81	-	81	83	-	83
Presidential and VP activity	25	-	25	15	-	15
Total:	106	-	106	98	-	98
Education:						
Moderation fees	56	-	56	56	-	56
Accreditation and examination	88	-	88	80	-	80
Development	136	-	136	123	-	123
Awards		12	12	-	33	33
Total:	280	12	292	259	33	292
Annual convention:						
Operating costs	0	-	0	10	-	10
Total:	0	-	0	10	-	10
Governance:						
Communications and website	66	-	66	43	-	43
Audit	5	-	5	6	-	6
Secretarial support	42	-	42	31	-	31
Finance, governance and marketing support	9	-	9	9	-	9
Governance support to territories and branches	1	-	1	10	-	10
Total:	123	-	123	99	-	99
	509	12	521	466	33	499

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CILT does not employ staff, but does enter into contracts with individuals for Secretary-General services, Professional Development services and Secretarial Support services. Included within resources expended are fees and expenses in respect of these contracts totalling £224,020 (2016: £178,232).

6. Key Management Personnel

There were 6 individuals considered to be key management personnel during the year (2016: 6) and these include the trustees and senior management team (Secretary General and Finance Director). Total remuneration to key management personnel during the year was £63,855 (2016: £64,598).

7. Investments

	2017	2016
Cost or valuation:	£000	£000
At 1 January 2017	836	761
Additions	81	28
Disposals	(164)	(52)
Management Charges	(6)	(6)
Net investment gains	59	105
At 31 December 2017	806	836
Historical cost at 31 December 2017	596	623

The segregated funds are managed on a discretionary basis and are held to provide an income and capital investment return for CILT. The asset allocation of the portfolio at 31 December 2017 was:-

	£000	
UK Equities	387	(48%)
Fixed Interest	105	(13%)
Overseas Equities	213	(26%)
Property	41	(5%)
Infrastructure	32	(4%)
Cash	28	(4%)

All the investments were quoted on recognised stock exchanges. At 31 December 2017 there were 8 investments each of which exceeded 5% of the portfolio value. They were:

Threadneedle Inves UK Equity Income Z GBP Dis	7.58%
Jupiter UT Mngrs UK Special Situations I Inc	7.35%
Artemis Fd Mngrs Income Institutional Inc	7.31%
Vanguard Funds Plc S&P 500 Ucits Etf Inc GBP	6.53%
M&G Securities Ltd Recovery Sterling I Inc	6.49%
Old Mut Inv Mgmt UK Alpha U1 GBP Dis	5.32%
Ishares Core FTSE 100 Ucits Etf GBP	5.19%
Link Fund Sol Ltd LF Lindsell Train UK Eqty	5.05%

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NOTES TO THE ACCOUNTS (continued)

The fund manager has consolidated the General and Endowment Funds. Thus providing total investment funds which allows individual investments at a level which improves the opportunity to maximise individual investment choices whilst reducing overall transaction costs. The financial integrity of General and Endowment funds has been maintained by setting a mechanism for dividing the value of investments based of the respective value of portfolios. This was last set in January 2013. At this time Endowment Funds represented 59% of total investments and General Funds 41%. These percentages have also been used to determine the apportionment of Investment Income as well as losses and gains. The investments attributed to the individual funds are as follows:

	2017	2016
	£000	£000
General Fund	330	343
Endowment Fund	476	493
Total at 31 December 2017	<u>806</u>	<u>836</u>

8. Debtors

	2017	2016
	£000	£000
Accrued income	8	9
Prepayments	0	0
	<u>8</u>	<u>9</u>

9. Creditors: Amounts falling due within one year

	2017	2016
	£000	£000
Trade Creditors	33	44
Amounts owed to group companies	0	78
Accruals	52	32
	<u>85</u>	<u>154</u>

10. Funds

Funds	Balance bf	Income	Expenditure	Gains & Losses	Balance cf
	£000	£000	£000	£000	£000
Unrestricted	209	497	(511)	21	216
Endowment	532	14	(16)	30	560
Total	<u>741</u>	<u>511</u>	<u>(527)</u>	<u>51</u>	<u>776</u>

On 5 November 2002 The Charity Commissioners for England and Wales approved a new endowment fund for CILT, the Education and Endowment Fund. The object of the fund is to advance education in the field of transport and logistics by the provision of scholarships and prizes, lectures, libraries and such other educational facilities and activities as shall be considered appropriate by the trustees.

The fund was established to give CILT more flexibility in the use of the resources available from endowments, both past and present, while continuing to respect the wishes of past donors. It is managed by CILT's trustees and the Audit and Finance Committee which in turn is advised on awards and prizes by a specialist sub-committee.

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NOTES TO THE ACCOUNTS (continued)

11. Analysis of net assets between funds

	Unrestricted Funds General £000	Restricted Funds Endowment £000	Total Funds £000
Investments	330	476	806
Net assets/(liabilities)	(114)	84	(30)
Net assets at 31 December 2017	216	560	776

12. Related Party Transactions

Within resources expended is a total of £8971.05 (2016: £11,014) of expenses reimbursed to 5 trustees (2016: 4) for travel, subsistence for governance and development activities. None of the trustees received and remuneration during the year (2016: none).

CILT holds the Royal Charter and has worldwide membership through a number of territorial organisations and branches of more than 30,000 professionals and students connected with the logistics and transport industries. Set out below are the territorial organisations which provided specific administrative duties on behalf of CILT in the year ended 31 December 2017. These amounts are included within resources expended.

	2017 £000	2016 £000
CILT UK (finance and governance)	9	9
CILT Ireland (education)	26	27
CILT Hong Kong (membership)	4	4
PTRC Education & Research Services Ltd	-	-
	39	40

Included within creditors, are the following amounts owed at the year-end in relation to these services:

	2017 £000	2016 £000
CILT UK (finance and governance)	1	73
CILT Ireland (education)	13	-
CILT Hong Kong (membership)	-	5
PTRC Education & Research Services Ltd	-	-
	14	78

13. Taxation

CILT is a charity and as such is exempt from taxation on its income and gains to the extent that they are applied to its charitable purposes.