

**ZAMBIA CHARTERED INSTITUTE OF LOGISTICS  
AND TRANSPORT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Zambia Chartered Institute of Logistic and Transport**  
**General Information**  
**Financial Statements for the year ended 31 December 2016**

**General information**

<b>Country of Incorporation and domicile</b>	<b>Zambia</b>
<b>Registration number</b>	<b>ORS/102/35/592</b>
<b>Nature of business and principal activities</b>	<b>Promote, encourage and coordinate the study of Logistics and Transport</b>
<b>Registered Office</b>	<b>29 Mpulungu Road Olympia Park LUSAKA</b>
<b>Business address</b>	<b>29 Mpulungu Road Pegasus House Olympia Park LUSAKA</b>
<b>Postal Address</b>	<b>P O Box 35426 LUSAKA 10101</b>
<b>Bankers</b>	<b>Indo Zambia Bank Limited North End Branch LUSAKA</b>
<b>Auditors</b>	<b>Mark Daniels Chartered Accountants Plot No. 180 Luanshya Road Off Musonda Ngosa Road, Villa Elizabertha LUSAKA</b>
<b>Honorary Secretary</b>	<b>Partrick Mwila</b>

Zambia Chartered Institute of Logistics and Transport  
Annual Report and Financial Statements  
For the year ended 31 December 2016

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The National Council submit their report together with the audited financial statements for the year ended 31 December 2016, which disclose the state of affairs of the Institute.

### PRINCIPAL ACTIVITIES

The function of the Institute shall be a) to promote, encourage and coordinate the study of the science and art of logistics and transport in all branches and b) charge and collect fees in respect of programmes, publications, seminars, consultancy services and other services provided by the Institute.

### RESULTS

	2016 K	2015 K
Revenue	1,555,914	1,602,839
(Deficit)/surplus for the year	(509,328)	309,844

The surplus for the year has been added to retained earnings.

### NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to K341 thousand (2015: K147 thousand) and the average number of employees was 3 (2015:3).

### HEALTH AND SAFETY

The Institute recognises its responsibility regarding the occupational health, safety and welfare of its employees and has put in place measures to safeguard them.

### GIFTS AND DONATIONS

During the year the Institute made a donations amounting to K 5 thousand (2015: K Nil) to charitable organisations.

### PROPERTY AND EQUIPMENT

The Institute purchased property and equipment amounting to K22 thousand (2015: K46 thousand) during the year. In the opinion of the Institute members, the carrying value of property and equipment is not less than its recoverable amount.

### RESEARCH AND DEVELOPMENT

During the year, the Institute did not incur any costs on research and development (2015: Nil).



## NATIONAL COUNCIL MEMBERS


The National Council Members who held office during the year and to the date of this report were:

Mr. Zindaba Soko	President
Mr. Mupeta Michael	V. President
Mrs. Phidelia Mwaba	I.P.P. (Immediate Past President)
Mr. Partrick Mwila	Hon. Secretary
Mrs. Mumeka Walumweya	Hon. Treasurer
Mr. Elias Zulu	Trustee
Mr. Martin Chongo	Trustee
Mr. Vincent Linyama	Committee Member
Mr. Abel Phiri	Committee Member
Mr. Michael Lungu	Committee Member
Mr. Mutawa Kennedy	Committee Member
Mr. Mike Mulongoti	Midlands Chairman
Capt. Christopher Mukupa	Northern Region Chairman
Mrs. Namwaka kasafya	WILAT
Mr. Crispin Hachumpi	Southern Region Chairman

## AUDITOR

The auditor, Mark Daniels, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the next annual general meeting.

By order of the Council

  
**Honorary Secretary**

10/10 2017  
**Lusaka**




Zambia Chartered Institute of Logistics and Transport  
National Councils' Responsibilities  
For the year ended 31 December 2016

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The law requires the National Council Members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of its statement of comprehensive income. It also requires the National Council Members to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The National Council Members are also responsible for safeguarding the assets of the Institute.

The National Council Members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the law. The National Council Members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Institute and of its profit in accordance with International Financial Reporting Standards. The National Council Members are also responsible for such internal control, as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Nothing has come to the attention of the National Council Members to indicate that the Institute will not remain a going concern for at least twelve months from the date of the statement of financial position.

  
\_\_\_\_\_  
President

10/10/2017

  
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Honorary Treasurer





**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF ZAMBIA CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT**

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**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Zambia Chartered Institute of Logistics and Transport, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements give a true and fair view of the financial position of the Zambia Chartered Institute of Logistics and Transport as at 31 December 2016 and of its financial performance and cash flows for the year ended and have been properly prepared in accordance with the International Financial Reporting Standards

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

Management is responsible for the other information. 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, 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.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines 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, management is responsible for assessing the agency'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 management either intends to liquidate the agency or to cease operations, or have no realistic alternative but to do so. Those charged with Governance are responsible for overseeing the agency's reporting process.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ZAMBIA CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT  
(CONTINUED)**

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**Auditor's Responsibility for the Audit of the Financial Statements**

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the agency to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the agency audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ZAMBIA CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT  
(CONTINUED)**

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**Report on other Legal and Regulatory Requirements**

In our opinion, the financial statements of Zambia Chartered Institute of Logistics and Transport as of 31 December 2016 has maintained proper accounting records and other records and registers as required by the Zambia Chartered Institute of Logistics and Transport Act.

*Mark Daniels*  
Chartered Accountants  
Lusaka

13/10/ 2017

*WKKK Kasongo*  
Winston Kasongo AUD/F003127  
Partner signing on behalf of the firm

Zambia Chartered Institute of Logistics and Transport  
Financial statements  
For the year ended 31 December 2016

**Statement of comprehensive income**

	Notes	Year ended 31 December	
		2016	2015
		K	K
<b>Revenue</b>			
Direct cost	6	1,555,914	1,602,838
		(535,602)	(503,391)
		<u>1,020,312</u>	<u>1,099,447</u>
Employee salaries and benefits		(341,396)	(146,700)
Other expenses		(1,137,054)	(583,155)
Depreciation		(51,190)	(59,750)
		<u></u>	<u></u>
<b>(Deficit)/surplus for the year</b>		<u>(509,328)</u>	<u>309,844</u>

There were no items of other comprehensive income

The notes on pages 11 to 21 form an integral part of these financial statements.



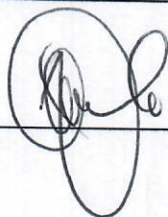
# Statement of financial position

	Notes	31 December 2016 K	31 December 2015 K
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,841,986	2,049,574
Intangible assets	10	14,500	-
		<u>1,856,486</u>	<u>2,049,574</u>
<b>Current assets</b>			
Receivables and prepayments	11	10,200	5,000
Cash and cash equivalents	12	<u>261,752</u>	<u>515,755</u>
		271,952	520,755
<b>TOTAL ASSETS</b>		<u>2,128,438</u>	<u>2,570,329</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners</b>			
Capital Reserves		941,100	941,100
Retained funds		<u>1,000,054</u>	<u>1,509,382</u>
<b>Total equity</b>		<u>1,941,154</u>	<u>2,450,482</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables, accruals and provisions	13	<u>187,284</u>	<u>119,847</u>
<b>Total liabilities</b>		<u>187,284</u>	<u>119,847</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,128,438</u>	<u>2,570,329</u>

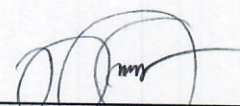
The notes on pages 11 to 21 form an integral part of these financial statements.

The financial statements on pages 7 to 21 were approved for issue by the Board members on 10/10/ 2017 and signed on its behalf by:

President



Honorary Treasurer



**Statement of changes in funds**

	Capital reserves	Retained funds	Total
	K	K	K
<b>Year ended 31 December 2015</b>			
At start of year	941,100	1,199,538	2,140,638
<b>Comprehensive income</b>			
<b>Total comprehensive Income</b>	-	309,844	309,844
At end of year	941,100	1,509,382	2,450,482
<b>Year ended 31 December 2016</b>			
At start of year	941,100	1,509,382	2,450,482
<b>Comprehensive income</b>			
Deficit for the year		(509,328)	(509,328)
<b>Total comprehensive Income</b>	-	(509,328)	(509,328)
At end of year	941,100	1,000,054	1,941,154

The notes on pages 11 to 21 form an integral part of these financial statements.



**Statement of cash flows**

	Notes	2016 K	2015 K
<b>Cash flows from operating activities</b>			
(Deficit)/surplus for the year		(509,328)	309,844
Depreciation		51,190	59,750
Impairment loss		178,359	
Movement in receivables		(5,200)	29,000
Movement in payables		67,437	(150,084)
Net cash generated from operating activities		(217,542)	248,510
<b>Cash flows from investing activities</b>			
Purchase of equipment	9	(21,961)	(46,090)
Purchase of intangible assets	10	(14,500)	
Net cash used in investing activities		(36,461)	(46,090)
<b>Net Increase in cash and cash equivalents</b>		(254,003)	205,758
<b>Movement in cash and cash equivalents</b>			
At start of year		515,755	309,998
(Decrease)/increase during the year		(254,003)	205,758
At end of year	12	261,752	515,735

The notes on pages 11 to 21 form an integral part of these financial statements.



## Notes

### 1 General information

The Institute was formed by the Act No. 4 of 2014, It commenced through an SI No. 32 of 12<sup>th</sup> June 2015 of the Laws of Zambia. The address of its registered office is Plot No. CL/2 of LUS/3701 Mpulungu Road, Olympia, LUSAKA in the LUSAKA Province.

### 2 Standards issued but not yet effective at reporting date

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below.

This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

#### **IFRS 9 Financial Instruments – classification and measurement**

On 24 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 - Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The classification and measurement requirements address specific application issues arising in IFRS 9 (2009) that was raised by preparers, mainly from the financial services industry. The expected credit loss model addresses concerns expressed following the financial crisis that entities recorded losses too late under IAS 39.

IFRS 9 stipulates that financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Company is still assessing the impact of IFRS 9.

#### **IFRS 15 - Revenue from contracts with customers**

The IASB and FASB have issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers, which replaces all existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods 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.

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of plant and equipment or intangibles).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.



## Notes (Continued)

### IFRS 15 - Revenue from contracts with customers (continued)

The standard is effective for annual periods beginning on or after 1 January 2017, but early adoption is permitted under IFRS. The Company is still assessing the impact of the standard on its contracts with customers.

### IAS 1 Disclosure Initiative – Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements.

The amendments clarify

- The materiality requirements in IAS 1
- Those specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

The amendments are effective for annual periods beginning on or after 1 January 2016 and early application are encouraged. The Company is still considering the impact of the amendments on its financial statements.

### Improvements to existing standards

#### 2010- 2012 annual cycle of improvements (issued December 2013)

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs. The changes are effective from 1 July 2014 either prospectively or retrospectively. A summary of applicable amendments is described below:

#### IAS 24 Related party disclosures - Key management personnel

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment will not affect the Company as it has no management entity providing key management services to the Company.

#### 2012 – 2014 Annual improvement cycle (issued September 2014)

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016. Below is a list of those amendments.



**Notes (Continued)**

**IFRS 5 – Changes in methods of disposal**

Assets (or disposal companies) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5.

The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

The Company will consider the amendment, if applicable, when it becomes effective.

**3 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Zambian Kwacha (K), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**(b) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Institute's activities.

Revenue is shown net of value-added tax (VAT), rebates and discounts.

The Institute recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Institute and when specific criteria have been met for each of the Institute's activities as described below.

The Institute bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

- a) Services rendered are recognized when the service provided is complete as the outcome of the transaction can be estimated reliably and it is not probable that the costs incurred will be recovered.
- b) Interest income is recognised on a time proportion basis using the effective interest method



**Notes (continued)**

**3 Summary of significant account policies (continued)**

**(c) Functional currency and translation of foreign currencies**

*i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Zambian Kwacha ("K") which is the Institute's functional currency.

*ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income' or 'other expenses'.

**(d) Property and equipment**

All property and equipment is initially stated at historical cost and subsequently measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

Land	0%
Buildings	2%
Furniture, fittings and equipment	25%
Library Books	0%
Office Software	33%

The residual values of assets and their useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property and equipment are determined by comparing proceeds with their carrying amounts and are taken into account in determining profit.



**Notes (continued)**

**3 Summary of significant account policies (continued)**

**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost is based on the first in, first out method and includes all costs incurred in bringing the inventory to its state and location.

Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

**(f) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

**(g) Employee benefits**

**(a) Retirement benefit obligations**

Employees are registered with the statutory defined contribution pension scheme. A defined contribution scheme is a pension plan under which the Institute pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

For the defined contribution scheme, the Institute makes mandatory contributions to the National Pension Scheme Authority.

These contributions constitute net periodic costs and are charged to the statement of comprehensive income as part of employee benefits expense in the year to which they relate.

The Institute has no further obligation once the contributions have been paid.

**(b) Other entitlements**

The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

**(h) Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

**(i) Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings, using the effective interest method.



### **3 Summary of significant account policies (continued)**

#### **(i) Borrowings (continued)**

Borrowings are classified as current liabilities unless the Institute has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### **(j) Financial assets**

##### **(i) Classification**

All financial assets of the Institute are classified as loans and receivables, based on the purpose for which the financial assets were acquired. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Institute's loans and receivables comprise 'non current receivables and prepayments', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

##### **(ii) Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Institute commits to purchase or sell the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

##### **(iii) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **(iv) Impairment**

The Institute assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in statement of comprehensive income.



**Notes (continued)**

**4 Financial risk management objectives and policies**

The Institute's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Institute does not hedge any risks.

Financial risk management is carried out by the finance department under policies approved by the Institute.

Market risk

(i) Price risk

The Institute has no financial instruments subject to price risks.

(ii) Cash flow and fair value interest rate risk

The Institute has no financial instruments subject to cash flow or fair value interest rate risk.

Credit risk

Credit risk arises from cash and cash equivalents, as well as trade and other receivables. The Institute does not have significant concentrations of credit risk. The Institute's Director assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The Institute's maximum exposure to credit risk is as follows:

	<b>2016</b>	<b>2015</b>
	<b>K</b>	<b>K</b>
Cash and cash equivalents	261,752	515,755
Receivables and prepayments	10,200	5,000
	<u>271,952</u>	<u>520,755</u>

The amount that best represents the Institute's maximum exposure to credit risk is the carrying value of its financial assets in the statement of financial position

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining adequate cash resources.

Capital risk management

The Institute's objectives when managing capital are to safeguard its ability to continue as a going concern



**Notes (continued)**

**5 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Directors believe that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**6 Revenue**

Analysis of revenue by category:

	<b>2016</b>	<b>2015</b>
	<b>K</b>	<b>K</b>
Government grants	300,000	275,000
Membership Subscription	377,313	276,000
Certification fees	1,490	6,970
Examination fees received	682,356	757,134
Concession fees	-	48,408
Practicing licence	41,755	-
Registration fees	-	229,846
Sale of books and modules	-	9,480
Corporate affiliation fees	94,050	-
Other Income	58,950	-
	<u>1,555,914</u>	<u>1,602,838</u>

**7 Expenses by nature**

	<b>2016</b>	<b>2015</b>
	<b>K</b>	<b>K</b>
Depreciation on property and equipment (Note 9)	51,190	59,750
Repairs and maintenance	-	4,578
Auditors' remuneration	23,200	12,500
	<u>74,390</u>	<u>76,828</u>

**8 Employee benefits expense**

	<b>2016</b>	<b>2015</b>
	<b>K</b>	<b>K</b>
The following items are included within employee benefits expenses:		
Salaries and wages	270,325	146,700
Retirement benefits costs:		
- National Pension Scheme Authority (Employers)	16,134	-
	<u>286,459</u>	<u>146,700</u>



**Notes (continued)**

**9 Property, Plant and equipment**

	Land & Building	Library Books	Office Equipment	Furniture & Fittings	Total
	K	K	K	K	K
<b>At 1 January 2015</b>					
Cost or valuation	2,000,000	178,360	58,657	46,125	2,283,142
Accumulated Depreciation	(120,000)	-	(55,239)	(41,332)	(216,571)
Net book amount	1,880,000	178,630	3,418	4,793	2,066,571
<b>Year ended 31 December 2015</b>					
Opening net book amount	1,880,000	178,360	3,418	4,793	2,066,571
Additions	-	-	7,400	38,690	46,090
Disposal	-	-	(6,675)	-	(6,675)
Disposal depreciation	-	-	3,338	-	3,338
Depreciation charge	(40,000)	-	(3,598)	(16,152)	(59,750)
Closing net book amount	1,840,000	178,360	3,883	27,331	2,049,574
<b>At 31 December 2015</b>					
Cost	2,000,000	178,360	59,382	84,815	2,322,557
Accumulated depreciation	(160,000)	-	(55,500)	(57,484)	(272,983)
Closing net book amount	1,840,000	178,360	3,883	27,332	2,049,574
<b>Year ended 31 December 2016</b>					
Opening net book value	1,840,000	178,360	3,883	27,332	2,049,575
Additions	-	-	21,961	-	21,961
Depreciation charge	(36,800)	-	(7,293)	(7,097)	(51,190)
Impairment	-	(178,359)	-	-	(178,359)
Closing net book amount	1,803,200	1	18,550	20,235	1,841,986
<b>At 31 December 2016</b>					
Cost	2,000,000	178,360	81,343	84,815	2,344,518
Accumulated depreciation	(196,800)	-	(62,793)	(64,581)	(324,173)
Impairment	-	(178,359)	-	-	(178,359)
Closing net book amount	1,803,200	1	18,550	20,235	1,841,986



**Notes (continued)**

**10 Intangible asset**

	2016 K	2015 K
At start of year	-	-
Additions	14,500	-
At end of year	14,500	-

**11 Receivables and prepayments**

Receivables	10,200	5,000
	10,200	5,000

The carrying amount of the receivables and prepayments approximate their fair values.

**12 Cash and cash equivalents**

Cash at bank and in hand	261,752	515,755
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For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

**13 Payables, accruals and provisions**

Payables	-	86,379
Gratuity	60,000	22,500
Leave days	28,860	10,968
Audit fees	20,000	-
PAYE and NAPSA	4,094	-
Certification fees	74,330	-
	187,284	119,847

The carrying amount of the payables and accrued expenses approximate their fair values.

**14 Contingent liabilities**

There were no contingent liabilities as at the balance sheet date.

**15 Capital commitments**

There were no capital commitments at the reporting date.



**Notes (continued)**

**16 Related party transactions**

The following transactions were carried out with related parties:

**i) The GRZ**

	2016 K	2015 K
Grants from the Government of the Republic of Zambia.	<u>300,000</u>	<u>275,000</u>

**ii) Key management compensation**

**Salaries and other short-term employment benefits**

	2016 K	2015 K
	-	-
	<u>-</u>	<u>-</u>

**iii) Directors' remuneration**

**Fees for services as a director as approved by the Minister**

	2016 K	2015 K
	114,000	-
	<u>114,000</u>	<u>-</u>



Zambia Chartered Institute of Logistics and Transport  
Financial statements  
For the year ended 31 December 2016

**Detailed operating statement**

	2016 K	2015 K
<b>Revenue</b>	1,555,914	1,602,838
<b>Direct cost</b>	(535,602)	(503,391)
	<u>1,020,312</u>	<u>1,099,447</u>
<b>Expenditure</b>		
Advertising and promotion	115,684	60,187
Audit fees	20,000	12,500
Annual general meeting expenses	61,532	31,940
Bank charges	10,551	6,856
Cleaning materials	13,939	2,416
Consultancy	9,500	
Depreciation	51,190	59,750
Donation	5,000	-
Electricity and water	5,201	3,677
Expenses on functions	-	13,059
Fuel and lubricant	8,663	
General expenses	-	29,774
Gratuity	37,500	67,433
Impairment loss	178,359	-
Insurance and license	846	550
Interest on loan	-	23,538
Internet expenses	22,691	15,936
Leave days	17,892	-
Loss due to theft	-	12,338
Printing & Stationery	156,191	28,305
Rates	7,316	4,078
Repairs & Maintenance	18,520	31,619
Salaries & Wages	341,396	146,700
Security	38,000	14,500
Secretarial fees	-	150
Service Charges – Showgrounds	-	25,908
Sitting Allowances	199,475	61,816
Subscription fees	-	9,306
Telephone, Postage & Courier	5,645	5,427
Transport costs	-	2,400
Travel & Accommodation	204,549	119,442
<b>Total Expenditure</b>	<u>1,529,640</u>	<u>789,605</u>
<b>(Deficit)/surplus for the year</b>	<u>(509,328)</u>	<u>309,844</u>

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