ZAMBIA CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

General information

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

Table of contents

The National Council submit their report together with the audited financial statements for the year ended 31 December 2017, 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

	2017 ZMW	2016 ZMW
Revenue	2,431,935	1,555,914
Surplus / (deficit) for the year	343,324	(509,328)

The deficit for the year has been deducted from retained earnings.

NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to K599 thousand (2016: K341 thousand) and the average number of employees was 8 (2016:3).

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 3 250.00 (2016: K5 000.00) to WiLAT.

PROPERTY AND EQUIPMENT

The Institute purchased property and equipment amounting to K144 thousand (2016: K22 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 (2016: 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	-	Vice President
Mrs. Phidelia Mwaba	-	Immediate Past President (I.P.P)
Mr. Pearson Makunku	-	Honorary Secretary
Mrs. Mumeka Walumweya	-	Honorary 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	-	Women in Logistics and Transport (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

03/09/2018

Lusaka

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

25th August, 2018

Honorary Treasurer

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

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 2017, 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 2017 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 is 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 Institution reporting process.

Plot 180 Luanshya Road, Off Musonda Ngosa Road, Villa Elizabertha, P.O Box 33919, Lusaka, Zambia. Tel: +260 211 291401, E-mail: markdaniels@markdaniels.co, markdaniels@zamtel.zm. www.markdaniels.co

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 Institution 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 Institute 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 institutions 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.

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 2017 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

21/9/**2018**

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

Statement of comprehensive income

	Notes	Year ended 31 December 2017 ZMW	2016 ZMW
Revenue	6	2,431,935	1,555,914
Direct cost		(423,966)	(535,602)
		2,007,971	1,020,312
Employee salaries and benefits		(599,970)	(341,396)
Other expenses		(998,355)	(1,137,054)
Depreciation		(66,320)	(51,190)
Surplus/(deficit) for the year		343,324	(509,328)

There were no items of other comprehensive income

The notes on pages 11 to 25 form an integral part of these financial statements.

Statement of financial position

	Notes	31 December 2017 ZMW	31 December 2016 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,920,094	1,841,986
Intangible assets	10	14,500	14,500
		1,934,594	1,856,486
Current assets			
Receivables and prepayments	11	55,673	10,200
Cash and cash equivalents	12	578,557	261,752
		634,230	271,952
TOTAL ASSETS		2,568,824	2,128,438
EQUITY AND LIABILITIES			
Equity attributable to owners			
Capital Reserves		941,100	941,100
Retained funds		1,343,378	1,000,054
Total equity		2,284,478	1,941,154
LIABILITIES			
Current liabilities			
Payables, accruals and provisions	13	284,347	187,284
Total liabilities		284,347	187,284
TOTAL EQUITY AND LIABILITIES		2,568,825	2,128,438

The notes on pages 11 to 25 form an integral part of these financial statements.

The financial statements on pages 7 to 25 were approved for issue by the Board members on 25th August, 2018 and signed on its behalf by:

President

Honorary Treasurer

Statement of changes in funds

	Capital reserves ZMW	Retained funds ZMW	Total ZMW
Year ended 31 December 2016			
At start of year	941,100	1,509,382	2,450,482
Comprehensive income			
Deficit for the year		(509,328)	(509,328)
Total comprehensive Income	-	(509,328)	(509,328)
At end of year	**941,100**	**1,000,054**	**1,941,154**
Year ended 31 December 2017			
At start of year	**941,100**	**1,000,054**	**1,941,154**
Comprehensive income			
Surplus for the year		343,324	343,324
Total comprehensive Income	-	343,324	343,324
At end of year	**941,100**	**1,343,378**	**2,284,478**

Statement of cash flows

	Notes	2017 ZMW	2016 ZMW
Cash flows from operating activities			
Surplus / (deficit) for the year		343,324	(509,328)
Depreciation		66,320	51,190
Impairment loss		-	178,359
Movement in receivables		(45,473)	(5,200)
Movement in payables		97,063	67,437
Net cash generated from/(used in) operating activities		461,234	(217,542)
Cash flows from investing activities			
Purchase of equipment	9	(144,430)	(21,961)
Purchase of intangible assets	10	-	(14,500)
Net cash used in investing activities		(144,430)	(36,461)
Net Increase in cash and cash equivalents		316,805	(254,003)
Movement in cash and cash equivalents			
At start of year		261,752	515,755
Increase /(decrease) during the year		316,804	(254,003)
At end of year	12	578,556	261,752

The notes on pages 11 to 25 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 12th 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. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs that is mandatorily effective for the current year.

In the current year, the Institute has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7 Disclosure Initiative

The Institute has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both cash and non-changes.

The Institute's liabilities arising from financing activities consists of borrowings and certain other financial liabilities. The application of these amendments had had no impact on the Institute's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The Institute has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Institute's financial statements as the Institute already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to IFRSs 2014-2016 Cycle

The Institute has applied the amendments to IFRS 12 included in the *Annual Improvements to IFRSs 2014-2016 Cycle* for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Entity.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified as held for sale. The amendments clarify that this is only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Institute's financial statements.

Notes (continued)

2.2 New and revised IFRSs in issue but not yet effective

The Institute has not applied the following new and revised IFRSs that have been issued but are not yet effective

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with customers (and the related clarifications) [1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and measurement of share-based payments transactions[1].
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[1]
Amendments to IAS 40	Transfers of investment property[1]
Amendments to IFRSs	Annual improvements to IFRS Standards 2014-2016 Cycle[1]
IFRIC 22	Foreign currency transactions and advance consideration[1]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

Notes (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 financial instruments (continued)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and The types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

- all other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Notes (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 15 Revenue from contracts with customers (continued)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet)except for short-term leases and leases of low value assets the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Notes (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 10 and IAS 28 sale or contribution of assets or between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Institute anticipate that the application of these amendments may have an impact on the Institute's financial statements in future periods should such transactions arise.

Amendments to IAS 40 Transfer of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply. The directors of the Institute anticipate that the application of these amendments may have an impact on the Institute's consolidated financial statements in future periods should there be a change in use of any of its properties.

Annual improvements to IFRSs 2014-2016 Cycle

The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Institute. The package also includes amendments to IFRS 12 which is mandatorily effective for the Institute in the current year.

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Notes (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

Annual improvements to IFRSs 2014-2016 Cycle (continued)

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The directors of the Institute do not anticipate that the application of the amendments in the future will have any impact on the Institute's financial statements as the Institute is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Institute does not have any associate or joint venture that is an investment entity.

IFRIC 22 Foreign currency transactions and advance consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non- monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Institute do not anticipate that the application of the amendments in the future will have an impact on the Institute's financial statements. This is because the Institute already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

Notes (continued)

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 Institute'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)

(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.

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.

Notes (continued)

3 Summary of significant account policies (continued)

(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:

	2017 ZMW	2016 ZMW
Cash and cash equivalents	578,557	261,752
Receivables and prepayments	55,673	10,200
	634,230	271,952

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:

	2017 ZMW	2016 ZMW
Government grants	300,000	300,000
Membership Subscription	494,768	377,313
Sponsorship Funds	98,000	-
Practicing Licence	160,470	41,755
Examination fees received	836,128	682,356
Concession fees	30,000	-
CPC	164,779	-
Registration fees	7,350	-
Corporate affiliation fees	328,930	94,050
Other Income	11,510	58,950
	2,431,935	1,555,914

7 Expenses by nature

	2017 ZMW	2016 ZMW
Depreciation on property and equipment (Note 9)	66,320	51,190
Repairs and maintenance	44,759	-
Auditors' remuneration	26,400	23,200

8 Employee benefits expense

	2017 ZMW	2016 ZMW
The following items are included within employee benefits expenses:		
Salaries and wages	419,183	270,325
Retirement benefits costs:		
- National Pension Scheme Authority (Employers)	42,451	16,134
	461,634	286,459

Notes (continued)

9 Property, Plant and equipment

	Land & Building	Library Books	Office Equipment	Furniture & Fittings	Motor vehicles	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
At 31 December 2015						
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
Year ended 31 December 2016						
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
At 31 December 2016						
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**
Year ended 31 December 2017						
Opening net book value	1,803,200	1	18,550	20,235	-	1,841,986
Additions			9,830	2,600	132,000	144,430
Depreciation charge	(36,064)	-	(6,220)	(7,535)	(16,500)	(66,320)
Closing net book amount	**1,767,136**	**-**	**22,160**	**15,299**	**115,500**	**1,920,094**
At 31 December 2017						
Cost	2,000,000	178,360	91,173	87,415	132,000	2,488,948
Accumulated depreciation	(232,864)	(178,360)	(69,013)	(72,116)	(16,500)	(568,854)
Closing net book amount	**1,767,136**	**-**	**22,160**	**15,299**	**115,500**	**1,920,094**

Notes (continued)

10 Intangible asset

	2017 ZMW	2016 ZMW
At start of year	-	-
Additions	14,500	14,500
At end of year	14,500	14,500

11 Receivables and prepayments

	2017 ZMW	2016 ZMW
Receivables	6,390	10,200
Other receivables	49,283	-
	55,673	10,200

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

12 Cash and cash equivalents

	2017 ZMW	2016 ZMW
Cash at bank and in hand	578,557	261,752

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

	2017 ZMW	2016 ZMW
Gratuity	116,875	60,000
Leave days	48,456	28,860
Audit fees	23,200	20,000
PAYE and NAPSA	21,486	4,094
Certification fees	74,330	74,330
	284,347	187,284

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

	2017 ZMW	2016 ZMW
Grants from the Government of the Republic of Zambia.	300,000	300,000

ii) Key management compensation

Salaries and other short-term employment benefits	702,000	-
	702,000	-

iii) Directors' remuneration

Fees for services as a director as approved by the Minister	300,000	114,000
	300,000	114,000

Detailed operating statement

	2017 ZMW	2016 ZMW
Revenue	2,431,935	1,555,914
Direct cost	(423,966)	(535,602)
	2,007,969	1,020,312
Expenditure		
Advertising and promotion	110,277	115,684
Audit fees	26,400	20,000
Annual general meeting expenses	61,896	61,532
Bank charges	7,658	10,551
Cleaning materials	14,025	13,939
Consultancy		9,500
Depreciation	66,319	51,190
Donation	3,250	5,000
Electricity and water	3,578	5,201
Fuel and lubricant	28924	8,663
General expenses	29,625	-
Gratuity	116,875	37,500
Impairment loss	-	178,359
Insurance and license	1,754	846
Telephone & Internet expenses	38,444	22,691
Leave days	48,456	17,892
Legal Fees	35,000	-
Printing & Stationery	72,050	156,191
Rates	2,430	7,316
Repairs & Maintenance	44,759	18,520
Salaries & Wages	599,970	341,396
Security	36,000	38,000
Staff Training	8,500	-
Sitting Allowances	188,887	199,475
Subscription fees	22,621	-
Postage & Courier	5,292	5,645
Travel & Accommodation	106,855	204,549
Total Expenditure	**1,664,645**	**1,529,640**
Surplus/(Deficit) for the year	**343,324**	**(509,328)**

---------------------------- ooo --------------------------------