ZAMBIA CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Zambia Chartered Institute of Logistics and Transport
Financial Statements for the year ended 31 December 2019

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	**Lt Col Kennedy Simukanga (Rtd)**

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The National Council submit their report together with the audited financial statements for the year ended 31 December 2019, 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

	2019 ZMW	2018 ZMW
Revenue	3,506,939	3,289,730
Surplus for the year	169,954	262,730

The surplus for the year has been added to Accumulated funds.

The surplus for the year 2019 has reduced compared to 2018 due to the acquisition of new assets for the Institute.

NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to ZMW 980 thousand (2018 ZMW 897 thousand) and the average number of employees was 8 (2018:8).

MEMBERSHIP STATUS

The membership status as at December 2019 is as follows:

	2019 ZMW	2018 ZMW
Chartered Fellows	10	9
Chartered Members	37	27
MILT	592	443
Student Members	482	470
Affiliates	277	214

GIFTS AND DONATIONS

During the year the Institute made a donation of ZMW 42 thousand (2018: Nil)

PROPERTY AND EQUIPMENT

The Institute purchased property and equipment amounting to ZMW 579 thousand (2018: ZMW 58 thousand) during the year. In the opinion of the Institute directors, the carrying value of property and equipment is not less than its recoverable amount.

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 (Outgoing)
Lt. Col Kennedy Simukanga	-	Honorary Secretary (Incoming)
Mrs. Mumeka Walumweya	-	Honorary Treasurer
Mr. Elias Zulu	-	Trustee
Mr. Martin Chongo	-	Trustee (Resigned)
Mr. Vincent Linyama	-	Committee Member
Mr. Vyonsi Manda	-	Committee Member (Incoming)
Mr. Rodgers Nkandu	-	Committee Member (Incoming Midlands Chairman)
Mr. Abel Phiri	-	Committee Member
Mr. Michael Lungu	-	Committee Member (Outgoing)
Mr. Mutawa Kennedy	-	Committee Member (Incoming Northern Region Chairman)
Mr. Mike Mulongoti	-	Midlands Chairman (Outgoing)
Capt. Christopher Mukupa	-	Northern Region Chairman (Outgoing)
Mrs. Namwaka kasafya	-	Chairperson 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

23/07/2020

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

Honorary Treasurer

23 | 07 | 2020

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 2019, 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 2019 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 institute 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 institute'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 institute 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.

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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 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 institute'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 institute 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.

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

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 2019 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

09/09 **2020**

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

Statement of comprehensive income

	Notes	Year ended 31 December 2019 ZMW	2018 ZMW
Revenue	6	3,506,939	3,289,730
Direct cost	7	(546,991)	(569,878)
		2,959,948	2,719,852
Employee salaries and benefits		(980,371)	(897,045)
Other expenses		(1,627,034)	(1,482,182)
Amortisation		(3,625)	(3,625)
Depreciation		(178,964)	(74,270)
Surplus for the year		169,954	262,730

There were no items of other comprehensive income

The notes on pages 11 to 28 form an integral part of these financial statements.

Statement of financial position

	Notes	31 December 2019 ZMW	31 December 2018 ZMW
ASSETS			
Non-current assets			
Property, Plant and equipment	10	2,303,838	1,904,237
Intangible assets	11	7,250	10,875
		2,311,088	1,915,112
Current assets			
Inventories	12	9,800	-
Receivables and prepayments	13	187,303	114,703
Cash and cash equivalents	14	830,309	1,038,005
		1,027,412	1,152,708
TOTAL ASSETS		3,338,500	3,067,820
EQUITY AND LIABILITIES			
Equity attributable to owners			
Capital Reserves		941,100	941,100
Accumulated funds		1,786,660	1,616,706
Total equity		2,727,760	2,557,806
LIABILITIES			
Current liabilities			
Payables, accruals and provisions	15	610,740	510,014
Total liabilities		610,740	510,014
TOTAL EQUITY AND LIABILITIES		3,338,500	3,067,820

The notes on pages 11 to 28 form an integral part of these financial statements.

The financial statements on pages 7 to 28 were approved for issue by the National Council on 23rd July 2020 and signed on its behalf by:

President **Honorary Treasurer**

Statement of changes in funds

	Capital reserves ZMW	Accumulated funds ZMW	Total ZMW
Year ended 31 December 2018			
At start of year	**941,100**	**1,343,378**	**2,284,478**
Prior year Adjustment		**10,598**	**10,598**
Restated Balance	**941,100**	**1,353,976**	**2,295,076**
Comprehensive income			
Surplus for the year		262,730	262,730
Total comprehensive Income		262,730	262,730
At end of year	**941,100**	**1,616,706**	**2,557,806**
Year ended 31 December 2019			
At start of year	**941,100**	**1,616,706**	**2,557,806**
Comprehensive income			
Surplus for the year		169,954	169,954
Total comprehensive Income		169,954	169,954
At end of year	**941,100**	**1,786,660**	**2,727,760**

Statement of cash flows

	Notes	2019 ZMW	2018 ZMW
Cash flows from operating activities			
Surplus for the year		169,954	262,730
Depreciation		178,964	74,270
Prior Adjustment		-	10,598
Amortisation		3,625	3,625
Inventory		(9,800)	
Movement in receivables		(72,600)	(59,029)
Movement in payables		100,726	225,668
Net cash generated from operating activities		370,869	517,862
Cash flows from investing activities			
Purchase of equipment	10	(578,565)	(58,413)
Net cash used on investing activities		(578,565)	(58,413)
Net (Decrease)/Increase in cash and cash		(207,696)	459,449
Movement in cash and cash equivalents			
At start of year		1,038,005	578,556
(Decrease)/Increase during the year		(207,696)	459,449
At end of year	14	830,309	1,038,005

The notes on pages 11 to 28 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)

(a) **New standards and amendments-applicable I January 2019**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2019

Title	Key requirements	Effective date*
IFRS 16 Leases	IFRS 16 will affect primarily the accounting by leases and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	1 January 2019 Early adoption is permitted only if IFRS 15 is Adopted at the same time.

Notes (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(a) **New standards and amendments-applicable I January 2019 (continued)**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2019

Title	Key requirements	Effective date*
Interpretation 23 *Uncertainty over Income Tax Treatments*	The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.	1 January 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9	The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.	1 January 2019

Notes (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(a) **New standards and amendments-applicable I January 2019 (continued)**
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2019

Title	Key requirements	Effective date*
Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28	The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 Financial Instruments before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures.	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	The following improvements were finalised in December 2017: IFRS 3 Business Combinations – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. IAS 12 Disclosure of Interests in Other Entities – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.	1 January 2019

Notes (continued)

(b) **Forth coming requirements**

As at 31 May 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 December 2019

Title	**Key requirements**	**Effective date***
IFRS 17 *Insurance Contracts*	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of: -discounted probability-weighted cash flows an explicit risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.	1 January 2021 (likely to be extended to 1 January 2022f)

Notes (continued)

(b) **Forth coming requirements (continued)**

As at 31 May 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 December 2019

Title	Key requirements	Effective date*
Definition of Material – Amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* which use a consistent definition of materiality throughout International Financial Reporting Standards and the *Conceptual Framework for Financial Reporting,* clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: -that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and -the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.	1 January 2020
Definition of a Business – Amendments to IFRS 3	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.	1 January 2020

Notes (continued)

(b) **Forth coming requirements (continued)**

As at 31 May 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 December 2019

Title	Key requirements	Effective date*
Revised *Conceptual Framework for Financial Reporting*	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: increasing the prominence of stewardship in the objective of financial reporting reinstating prudence as a component of neutrality defining a reporting entity, which may be a legal entity, or a portion of an entity revising the definitions of an asset and a liability removing the probability threshold for recognition and adding guidance on derecognition adding guidance on different measurement basis, and stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework	1 January 2020

Notes (continued)

(b) **Forth coming requirements (continued)**

As at 31 May 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 December 2019

Title	Key requirements	Effective date*
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non- monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	1 January 2020

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%***
Motor Vehicles	***25%***
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 'noncurrent 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:

	2019 ZMW	2018 ZMW
Cash and cash equivalents	830,309	1,038,005
Receivables and prepayments	187,303	114,703
	1,017,612	1,152,708

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:

	2019 ZMW	2018 ZMW
Government grants	315,000	315,000
Membership Subscription	515,335	504,374
Sponsorship Funds	500	50,159
Practicing Licence	352,458	316,350
Examination fees received	988,820	1,046,758
Concession fees	35,000	9,500
CPC	74,756	49,071
AGM Participation Fees	218,250	62,300
Corporate affiliation fees	992,500	929,800
Other Income	14,320	6,418
	3,506,939	3,289,730

7 Direct Costs

Direct Costs relate to all Examination expenses in the following categories:

	2019 ZMW	2018 ZMW
Setting Allowances	42,000	42,000
Moderation	36,938	32,600
Invigilation	89,665	79,560
Examination Hall Hiring	24,500	20,939
Printing & Stationery	57,204	52,759
Travel and Subsistence	23,384	10,120
Marking	273,300	33,900
	546,991	569,879
	546,991	569,878

Notes (continued)

8 Expenses by nature

	2019 ZMW	2018 ZMW
Depreciation on property and equipment (Note 9)	178,964	74,270
Repairs and maintenance	8,625	17,173
Auditors' remuneration	23,200	23,200

9 Employee benefits expense

	2019 ZMW	2018 ZMW
The following items are included within employee benefits expenses:		
Salaries and wages	897,154	822,165
Retirement benefits costs:		
- National Pension Scheme Authority	83,217	74,880
	980,371	897,045

Notes (continued)

10 Property, Plant and equipment

	Land & Building	Library Books	Office Equipment	Furniture & Fittings	Motor vehicles	Total
	ZMW	**ZMW**	**ZMW**	**ZMW**	**ZMW**	**ZMW**
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)	(72,117)	(16,500)	(568,854)
Closing net book amount	**1,767,136**	**-**	**22,160**	**15,298**	**115,500**	**1,920,094**
Year ended 31 December 2018						
Opening net book value	**1,767,136**	**-**	**22,160**	**15,298**	**115,500**	**1,920,094**
Additions	34,404	-	24,009	-	-	58,413
Depreciation charge	(36,031)	-	(5,540)	(3,824)	(28,875)	(74,270)
Closing net book amount	**1,765,509**	**-**	**40,629**	**11,474**	**86,625**	**1,904,237**
At 31 December 2018						
Cost	2,034,404	178,360	115,182	87,415	132,000	2,547,361
Accumulated depreciation	(268,895)	(178,360)	(74,553)	(75,941)	(45,375)	(643,124)
Closing net book amount	**1,765,509**	**-**	**40,629**	**11,474**	**86,625**	**1,904,237**
Year ended 31 December 2019						
Opening net book value	**1,765,509**	**-**	**40,629**	**11,474**	**86,625**	**1,904,238**
Additions	193,565		70,000		315,000	578,565
Depreciation charge	(39,181)	-	(36,508)	(2,869)	(100,406)	(178,964)
Closing net book amount	**1,919,893**	**-**	**74,121**	**8,605**	**301,219**	**2,303,838**
At 31 December 2019						
Cost	2,227,969	178,360	185,182	87,415	447,000	3,125,926
Accumulated depreciation	(308,076)	(178,360)	(111,061)	(78,810)	(145,781)	(822,088)
Closing net book amount	**1,919,893**	**-**	**74,121**	**8,605**	**301,219**	**2,303,838**

Notes (continued)

11 Intangible asset

	2019 ZMW	2018 ZMW
At start of year	10,875	14,500
Amortisation	3,625	3,625
At end of year	7,250	10,875

12 Inventories

T-Shirts and Pins	9,800	-
	9,800	-

13 Receivables and prepayments

Staff Advance	9,600	6,500
Other receivables	35,203	35,203
Grant	105,000	52,500
Concession	37,500	20,500
	187,303	114.703

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

14 Cash and cash equivalents

Indo bank -- General Account	565,258	714,809
Indo bank -- Student Account	265,051	323,196
Cash at bank and in hand	830,309	1,038,005

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

15 Payables, accruals and provisions

Gratuity	379,810	304,375
Leave days	162,387	138,455
Audit fees	23,200	23,200
PAYE and NAPSA	24,019	22,660
Certification fees	21,324	21,324
	610,740	510,014

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

Notes (continued)

16 Contingent liabilities

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

17 Capital commitments

There were no capital commitments at the reporting date.

18 Related party transactions

The following transactions were carried out with related parties:

i) The GRZ

	2019 ZMW	2018 ZMW
Grants from the Government of the Republic of Zambia.	315,000	315,000

ii) Key management compensation

Salaries and other short-term employment benefits	647,580	606,000
	647,580	606,000

iii) Directors' remuneration

Allowances for services as a director as approved by the National Council	-	-
Fees for executive	312,000	300,000
	312,000	300,000

19 Events occurring after balance sheet date

The institute is not aware of any matter or circumstances since the financial year end and the date of this report, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Institute and the results of its operations.

20 Comparative figures

Previous year's figures have been reclassified wherever necessary to make them comparable to those of the current year

Detailed operating statement

	2019 ZMW	2018 ZMW
Revenue	3,506,939	3,289,730
Direct cost	(546,991)	(569,878)
	2,959,948	2,719,852
Expenditure		
Advertising and promotion	48,971	77,200
Audit fees	23,200	23,200
Annual general meeting expenses	202,098	104,505
Amortisation of Goodwill	3,625	3,625
Bank charges	8,571	11,806
Cleaning materials	38,162	14,488
Depreciation	178,964	74,270
Donation	41,729	-
Electricity and water	8,836	8,213
Fuel and lubricant	25,902	30,270
Gratuity	200,625	187,500
Insurance and license	10,220	545
Telephone & Internet expenses	20,800	21,086
Leave days	82,369	90,000
Legal Fees	-	2,493
Office & Computer	9,820	19,644
Printing & Stationery	192,556	193,716
Rates	1,842	2,117
Repairs & Maintenance	8,625	17,173
Salaries & Wages	980,371	897,045
Security	36,000	33,500
Service Charge	1,320	22,570
Sitting Allowances	234,328	219,937
Secretariat Expenses	60,800	36,891
Subscription fees	49,645	36,987
Postage & Courier	6,338	2,964
Travel & Accommodation	314,277	325,377
Total Expenditure	**2,789,994**	**2,457,122**
Surplus/(Deficit) for the year	**169,954**	**262,730**

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