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## Chartered Institute of Logistics and Transport in Zimbabwe

### Directorate and administration

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#### **Executive committee:**

W. Muchaendipi	Chairman
D. Mazodza	Vice Chairman and Acting Secretary
V. Rusakaniko	Honorary Treasurer
T. Mujakachi	Chairman Corporate Affairs
L. Chakwenya	Women in Logistics
T. Mashingaidze	Committee member
J. Dube	Chairman membership
S. Dumba	Acting Education Champion

#### **Registered office:**

21 Glenara Avenue South  
Eastlea  
**Harare**

#### **Auditors:**

Mazhandu and Company Chartered Accountants (Zimbabwe)  
7 Central Avenue  
2nd Floor, Methodist House  
Box 6499  
**Harare**

#### **Bankers:**

Central Africa Building Society  
Chisipite Branch  
**Harare**

## **Independent auditor's report**

**To the members of Chartered Institute of Logistics and Transport in Zimbabwe**

### **Report on the audit of the financial statements**

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#### **Qualified opinion**

We have audited the financial statements of **Chartered Institute of Logistics and Transport in Zimbabwe** set out on pages **7 to 26** which comprise the statement of financial position as at **December 31, 2017**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary to the opening balances had we been able to satisfy ourselves with respect to items described in the paragraph below, financial statements give a true and fair view financial position of **Chartered Institute of Logistics and Transport in Zimbabwe** as at **December 31, 2017** and of the results its operations and its cash flows for the year ended in accordance with International Financial Reporting Standards, (IFRS).

#### **Basis for Qualified Opinion**

The Institute did not provide us with the prior year audited financial statements. Consequently we were unable to verify the opening balances in the financial statements for the year ended December 31, 2016. We were also unable to determine whether any adjustments to the accompanying financial statements were necessary and the and the effects to these financial statements have not been determined.

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 committee in accordance with the International Ethics

## To the members of Chartered Institute of Logistics and Transport in Zimbabwe

## Report on the audit of the financial statements

Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Key audit matters**

We summarise below the matters that had the greatest effect on our audit, our key audit procedures and our findings from those procedures in order that the institute's management as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our audit opinion in the institute's financial statements.

Key audit matter	How our audit addressed the key audit matter
<b>Opening balances</b>	
<ul style="list-style-type: none"> <li>We were unable to verify the institute opening balances.</li> </ul>	Our audit procedures focused on examining: <ul style="list-style-type: none"> <li>Communicating with the institute on the how the opening balances can be accounted for.</li> <li>We issued a qualified opinion.</li> </ul>
<b>Remittance of statutory deductions</b>	
<ul style="list-style-type: none"> <li>The institute has outstanding balances of <b>US\$3,825.85</b> and <b>US\$3,982.88</b> owing to Zimbabwe Revenue Authority and National Social Security Authority respectively.</li> </ul>	<ul style="list-style-type: none"> <li>Examining the correspondence between the institute and the revenue authority and discussing the payment plan in place to avoid penalties and garnishes. The institute is advised to take advantage of amnesty/waiver on penalties to clear the balances.</li> <li>We advised the institute to make payments to authorities to clear these balances.</li> </ul>
<b>Corporate governance</b>	
<ul style="list-style-type: none"> <li>The board is involved in the day to day activities of the institute instead of playing an oversight role only.</li> </ul>	<ul style="list-style-type: none"> <li>We advised the board to focus more on ensuring effective oversight of management which is their mandate.</li> </ul>

**To the members of Chartered Institute of Logistics and Transport in Zimbabwe**

**Report on the audit of the financial statements**

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**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 the members either intend to liquidate the institute or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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.

## **Independent auditor's report**

### **To the members of Chartered Institute of Logistics and Transport in Zimbabwe**

#### **Report on the audit of the financial statements**

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- 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 institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of 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 to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

**Independent auditor's report**

**To the members of Chartered Institute of Logistics and Transport in Zimbabwe**

**Report on the audit of the financial statements**

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extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Fanuel Pange.

Mazhandu and Company Chartered Accountants (Zimbabwe)  
Fanuel Pange, CA (Z)  
Managing Partner  
Registered Public Auditor  
January 30, 2018

## Chartered Institute of Logistics and Transport in Zimbabwe

## Statement of financial position

As at December 31, 2017

	<u>Note</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
<b><u>Assets</u></b>			
<b><u>Non-current assets</u></b>			
Property and equipment	11	1,917	1,500
<b>Total non-current assets</b>		<b>1,917</b>	<b>1,500</b>
<b><u>Current assets</u></b>			
Cash and cash equivalents	5	5,022	16,694
<b>Total current assets</b>		<b>5,022</b>	<b>16,694</b>
<b>Total assets</b>		<b>6,939</b>	<b>18,194</b>
<b><u>Equity and liabilities</u></b>			
<b><u>Equity</u></b>			
Retained income		(3,969)	17,994
<b>Total equity</b>		<b>(3,969)</b>	<b>17,994</b>
<b><u>Liabilities</u></b>			
Trade and other payables	6	10,908	200
<b>Total liabilities</b>		<b>10,908</b>	<b>200</b>
<b>Total equity and liabilities</b>		<b>6,939</b>	<b>18,194</b>

Chairman: .....

Date .....

Treasurer: .....

Date .....

## Chartered Institute of Logistics and Transport in Zimbabwe

## Statement of profit or loss and other comprehensive income

For the year ended December 31, 2017

	<u>Note</u>	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
<b><u>Income</u></b>			
Revenue	<b>7</b>	12,175	13,010
Other income	<b>8</b>	87,009	81,235
<b>Total income</b>		<b>99,184</b>	<b>94,245</b>
<b><u>Expenses</u></b>			
Administration expenses	<b>9</b>	56,027	31,302
Staff and labour expenses	<b>10</b>	65,119	44,804
<b>Total expenses</b>		<b>121,147</b>	<b>76,106</b>
<b>(Deficit)/surplus for the year</b>		<b>(21,963)</b>	<b>18,139</b>

**Chartered Institute of Logistics and Transport in Zimbabwe**

**Statement of changes in equity**

**For the year ended December 31, 2017**

	<b>Retained Income <u>US\$</u></b>	<b>Total <u>US\$</u></b>
<b>Balance as at January 1, 2016</b>	<b>(145)</b>	<b>(145)</b>
Surplus for the year	18,139	<b>18,139</b>
<b>Balance as at December 31, 2016</b>	<b>17,994</b>	<b>17,994</b>
Deficit for the year	(21,963)	<b>(21,963)</b>
<b>Balance as at December 31, 2017</b>	<b>(3,969)</b>	<b>(3,969)</b>

## Statement of cash flows

For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
<b><u>Cash flows from operating activities</u></b>		
(Deficit)/surplus for the year	(21,963)	18,139
	<b>(21,963)</b>	<b>18,139</b>
<b><u>Adjustments for non-cash items</u></b>		
Depreciation	463	373
<b>Net cash flows after adjustments for non-cash items</b>	<b>(21,500)</b>	<b>18,511</b>
<b><u>Working capital changes:</u></b>		
Increase in trade and other payables	10,708	200
<b>Net cash flows after working capital changes</b>	<b>(10,793)</b>	<b>18,711</b>
<b>Net cash flows from operating activities</b>	<b>(10,793)</b>	<b>18,711</b>
<b><u>Cash flows from investing activities</u></b>		
Purchase of property and equipment	(879)	-
<b>Net cash flows from investing activities</b>	<b>(879)</b>	<b>-</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(11,672)</b>	<b>18,711</b>
<b><u>Changes in cash and cash equivalents</u></b>		
Balance as at the beginning of the year	16,694	(2,018)
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>(11,672)</b>	<b>18,711</b>
<b>Balance as at the end of the year</b>	<b>5,022</b>	<b>16,694</b>

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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**1 General information**

The Chartered Institute of Logistics and Transport is a non-profit organisation and is funded through membership subscriptions and educational services.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**2.1 Basis of preparation and presentation**

The financial statements have been prepared in accordance with International Financial Reporting Standards, ('IFRS').

The financial statements are based on statutory records that are maintained under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the institute's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 to the financial statements.

**2.2 Application of new and revised International Financial Reporting Standards (IFRSs)****2.2.1 Accounting standards and interpretations adopted impacting the annual financial statements.**

The institute did not adopt any new or revised accounting standards or interpretations in the current year that would have had an impact on the amounts or disclosures reported in these financial statements.

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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**IAS 19 Employee Benefits** - clarifies how an entity should account for contributions made by employees or third parties to the defined benefit plans (applicable to annual periods beginning on or after 1 July 2015).

**Annual Improvements to IFRSs 2010 - 2012 Cycle**

- IFRS 13 Fair Value Measurement - clarifies that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. (effective for annual periods beginning on or after 1 July 2015).
- IAS 16 and 38 Property Plant and Equipment and Intangible assets - clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the gross carrying amount and the carrying amount after 1 July 2015).

**Annual Improvements to IFRSs 2011 - 2013 Cycle**

- IFRS 16 Leases - addresses issues raised by users on the need to record operating lease assets and related depreciation and interest expense. Previously, the operating lease contracts were recorded off balance sheet, with the lease payments being straight lined over the lease period.(effective for annual periods beginning on or after 1 January 2016).

**2.3 Foreign Currencies****2.3.1 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the institute operates ('the functional currency'). The financial statements are presented in the United States of America dollar ("US"), which is the institute's functional and presentation currency.

**2.3.2 Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange rates 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.

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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**2.4 Property and Equipment**

Property and equipment is stated at historical cost less subsequent depreciation and impairment. 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 are charged to the statement of profit or loss and other comprehensive income during the financial period in which they incurred.

Depreciation on assets is calculated on the straight line basis to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Office equipment	20% per annum
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted retrospectively if appropriate, at each reporting date. An asset's carrying amount written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

**2.6 Financial assets**

The institute classifies its financial assets in the following categories:

Loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

**Financial assets at fair value through profit and loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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**Loans and receivables**

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 reporting date. These are classified as non-current assets. Loans and receivables are classified as "accounts receivable" in the statement of financial position.

**2.6.1 Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date, that is, the date on which the institute commits to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the institute has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

**2.6.2 Derecognition**

A financial asset is derecognised when the institute loses control over the contractual rights that comprise the asset. A financial liability is derecognised when it is paid or settled.

**2.6.3 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.

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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**2.6.4 Impairment of financial assets**

The institute assesses at each reporting date whether there is objective evidence that an asset or group of financial assets is impaired. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after initial recognition of the asset and prior to the reporting date, (loss event), and that loss event has had an impact on the future cash flows of the financial asset that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the institute about the following loss events:

- a) Significant financial difficulty of the issuer or obligor;
- b) A breach of contract such as a default or delinquency in interest or principal payments;
- c) It becomes evident that the borrower will enter bankruptcy or financial re-organisation;
- d) The disappearance of an active market for that financial asset because of financial difficulty;
- e) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The institute first assesses whether objective evidence of impairment exists. 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 asset's carrying amount is reduced and the amount of the

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the institute may measure impairment on the basis of an instrument's fair value using an observable market price.

**2.7 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents comprise:

- cash on hand;
- balances with banks.

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months. Cash and cash equivalents are carried at cost which, due to their short term nature, approximates fair value.

**2.8 Provisions**

Provisions are recognised when the institute has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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**2.9 Taxes****Value added tax**

Revenue, expenses and assets are recognised net of the amount of value added tax except;

- Where value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense as applicable: and
- Receivables and payables that are stated with the amount of the value added tax included. The net amount of value added tax from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

**2.10 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangements is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in any arrangement.

**Company as a lessee**

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

**2.11 Employee benefits**

The institute operates a defined contribution plan. A defined contribution plan is a plan under which the institute pays fixed contributions into a separate fund. The contributions are recognised as employee benefit expense when due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The institute has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employees the benefits relating to employee service in the current and prior periods.

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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The institute and employees also contribute to the National Social Security Authority Scheme, (NSSA). This is a social security scheme which was promulgated under the National Social Security Act. The institute's obligations under the scheme are limited to specific contributions as legislated from time to time.

**2.12 Termination benefits**

Termination benefits are payable when the institute terminates employment before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The institute recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

**2.13 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the membership fee by members in the ordinary course of the institute activities. The institute recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the institute and specific criteria have been met for each of the institute's activities as described below:

**(a) Membership fees**

Membership fees are recognised at their fair value in the profit or loss where there is reasonable assurance that the contributions will be received by the institute.

**2.14 Fair value measurements and valuation process**

Some of the institute's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the institute makes use of market observable data to the extent that it is available. Where this is not available, the institute uses third party qualified valuers to perform the valuation.

**Chartered Institute of Logistics and Transport in Zimbabwe****Notes to the financial statements****For the year ended December 31, 2017**

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**3 Financial risk management**

The institute's activities exposes it to a variety of financial risks, including the effect of changes in foreign currency exchange rates and interest rates. The institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the institute.

Risk management is carried out by management under policies approved by the institute. Management identify and evaluate financial risks such as foreign exchange risk, interest risk, credit risk and investment of excess liquidity.

**(a) Market risk****i) Foreign exchange risk**

The institute is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the South African Rand, ('ZAR').

Management aims to manage the institute's foreign exchange risk against the functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the institute's functional currency.

**ii) Price risk**

The institute is not exposed to price risks.

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. For banks and financial institutes, only well established institutes with sound financial positions are used. Credit exposures are closely monitored for indications of impairment.

The institute's exposure to credit risk by class of financial asset is as follows:

## Chartered Institute of Logistics and Transport in Zimbabwe

## Notes to the financial statements

For the year ended December 31, 2017

	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Cash and cash equivalents	5,022	16,694
<b>Total current assets excluding prepayments</b>	<b>5,022</b>	<b>16,694</b>

The fair value of cash and cash equivalents and accounts receivable as at December 31, 2017 approximates the carrying amount.

Analysis by credit quality of financial assets is as follows:

	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
Neither past due nor impaired		
-Cash and cash equivalents	5,022	16,694

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The institute manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the institute may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors

The institute identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

A maturity analysis of the institute's financial statements as at December 31, 2017 is as follows:

	<b>On demand and less than one month US\$</b>	<b>From 1 to 6 months US\$</b>	<b>From 6 to 12 months US\$</b>	<b>Total US\$</b>
<b>At December 31, 2017</b>				
<b>Assets</b>				
Cash and cash equivalents	5,022	-	-	5,022
<b>Total assets</b>	<b>5,022</b>	<b>-</b>	<b>-</b>	<b>5,022</b>

## Chartered Institute of Logistics and Transport in Zimbabwe

## Notes to the financial statements

For the year ended December 31, 2017

	On demand and less than one month US\$	From 1 to 6 months US\$	From 6 to 12 months US\$	Total US\$
<b>Liabilities</b>				
Accounts payable	10,908	-	-	10,908
<b>Total liabilities</b>	<b>10,908</b>	<b>-</b>	<b>-</b>	<b>10,908</b>
<b>Liquidity gap</b>	<b>(5,885)</b>	<b>-</b>	<b>-</b>	<b>(5,885)</b>
<b>At December 31, 2016</b>				
<b>Assets</b>				
Cash and cash equivalents	16,694	-	-	16,694
<b>Total assets</b>	<b>16,694</b>	<b>-</b>	<b>-</b>	<b>16,694</b>
<b>Liabilities</b>				
Accounts payable	200	-	-	200
<b>Total liabilities</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>200</b>
<b>Liquidity gap</b>	<b>16,494</b>	<b>-</b>	<b>-</b>	<b>16,494</b>

The liquidity gap will be covered by income from membership and examination fees.

**3.2 Capital risk management**

	<u>2017</u> <u>US\$</u>	<u>2016</u> <u>US\$</u>
<b>Assets as per statement of financial position</b>		
Cash and cash equivalents	5,022	16,694
<b>Total assets</b>	<b>5,022</b>	<b>16,694</b>
<b>Assets at fair value through profit or loss</b>		
Financial assets at fair value through profit or loss	-	-
<b>Total</b>	<b>5,022</b>	<b>16,694</b>

## Chartered Institute of Logistics and Transport in Zimbabwe

### Notes to the financial statements

For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
<b>Liabilities as per statement of financial position</b>		
Other financial liabilities at amortised cost	10,908	200
<b>Accounts payable</b>	<b>10,908</b>	<b>200</b>

The institute's objectives when managing capital (reserves) are to safeguard it's ability to continue as a going concern in order to continue to provide benefits for members and other stakeholders. In order to maintain or adjust the capital structure, the institute may adjust the amount of borrowings or investments it holds from time to time.

### 3.3 Fair value estimation

The carrying value of accounts receivable and payables are assumed to approximate their fair values. The fair value of financial instruments is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the institute for similar financial instruments.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### Critical accounting estimates and assumptions

The institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are outlined below.

#### a) Useful lives of property and equipment

The institute's management determines the estimated useful lives and related depreciation charges for its property and equipment. The estimate is based on projected lifecycles for these assets. Management will increase the depreciation

## Chartered Institute of Logistics and Transport in Zimbabwe

## Notes to the financial statements

For the year ended December 31, 2017

charge where useful lives are less than previously estimated lives, or it will write down technically obsolete or non-strategic assets that have been sold.

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
<b>5 Cash and cash equivalents</b>		
Petty cash	2	-
Cash on hand	362	-
Cash at bank	4,658	16,694
<b>Total cash and cash equivalents</b>	<b>5,022</b>	<b>16,694</b>
<b>6 Trade and other payables</b>		
Leave pay provision	1,439	-
Provision for audit fees	550	-
Token	200	200
Salaries and wages outstanding	623	-
Medical aid outstanding	53	-
Pay As You Earn	3,983	-
National Social Security Authority outstanding	3,826	-
Standard Development Levy outstanding	81	-
Manpower Development Levy	153	-
<b>Total trade and other payables</b>	<b>10,908</b>	<b>200</b>
<b>7 Revenue</b>		
Membership fees	12,175	13,010
<b>Total revenue</b>	<b>12,175</b>	<b>13,010</b>
<b>8 Other income</b>		
Centre fees	10,315	-
Events income	3,995	-
Examinations fees	62,283	76,761
Graduation fees	3,810	-
Projects	6,215	-
Sundry income	391	4,457
Interest received	-	17
<b>Total other income</b>	<b>87,009</b>	<b>81,235</b>

## Chartered Institute of Logistics and Transport in Zimbabwe

## Notes to the financial statements

For the year ended December 31, 2017

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
<b>9 Administration expenses</b>		
Audit fees	780	-
Hiring services	6,682	-
Bank charges	1,291	468
Withholding tax	1,930	-
Seminars/conference/workshops	7,017	-
Computer expenses	433	-
Depreciation	463	373
Refunds	790	-
Teas and cleaning	431	96
Subscriptions	260	635
Security	6	-
Meals	2,100	-
Licences	5,608	-
Motor vehicle expenses	2,484	-
Gifts	705	-
Advertising and promotions	1,553	-
Printing and stationery	3,704	1,744
Rent	6,000	-
Repairs and maintenance	951	-
Telephone and fax	4,296	418
Travel and accommodation	7,291	560
Courier and postage	1,206	-
Traveling expenses	47	-
Business administration	-	27,008
<b>Total administration expenses</b>	<b>56,027</b>	<b>31,302</b>
<b>10 Staff and labour expenses</b>		
Pay As You Earn	6,461	-
Medical expenses	636	-
Staff expenses	39,137	31,604
Staff leave pay	1,439	-
Salaries and wages	12,616	13,200
Standard Development Levy	81	-
Manpower Development Levy	153	-
National Social Security Authority	4,597	-
<b>Total staff and labour expenses</b>	<b>65,119</b>	<b>44,804</b>

## Chartered Institute of Logistics and Transport in Zimbabwe

## Notes to the financial statements

For the year ended December 31, 2017

**11 Property and equipment**

	Office equipment US\$	Total US\$
<b><u>Year end December 31, 2017</u></b>		
Opening net book value	1,500	1,500
Additions	879	879
Depreciation charge for the year	(463)	(463)
<b>Closing net book value</b>	<b>1,917</b>	<b>1,917</b>
<b><u>At December 31, 2017</u></b>		
Cost	2,379	2,379
Accumulated depreciation	(463)	(463)
<b>Net book value</b>	<b>1,917</b>	<b>1,917</b>
<b><u>Year end December 31, 2016</u></b>		
Opening net book value	1,873	1,873
Depreciation charge for the year	(373)	(373)
<b>Closing net book value</b>	<b>1,500</b>	<b>1,500</b>
<b><u>At December 31, 2016</u></b>		
Cost	1,873	1,873
Accumulated depreciation	(373)	(373)
<b>Net book value</b>	<b>1,500</b>	<b>1,500</b>

## Chartered Institute of Logistics and Transport in Zimbabwe

### Notes to the financial statements

#### For the year ended December 31, 2017

#### 12 National Social Security Authority (NSSA) Scheme

The institute and its employees also contribute to the National Social Security Authority Scheme. This is a social security scheme which was promulgated under the National Social Security Act. The institute's obligations under the scheme are limited to specific contributions legislated from time to time.

Contributions to the schemes, recognised in profit or loss were as follows:

	<u>2017</u>	<u>2016</u>
	<u>US\$</u>	<u>US\$</u>
National Social Security Authority	4,597	-
<b>Total</b>	<b>4,597</b>	<b>-</b>

#### 13 Going concern

The institute has reported a deficit of US\$21,963 (2016 : surplus of US\$ 18,139) for the year ended 31 December 2017. However, as at that date:

- current assets were exceeded by current liabilities by US\$5,885 (2016: US\$ 16,494)
- there is negative retained earnings of US\$3,969 (2016: positive US\$17,994)
- the institute recorded negative cash flows of US\$11,672 in the current year.

#### 14 Events after the reporting period

Management are not aware of any material events after the reporting date that may have a significant impact on the information contained in this report.

## TRIAL BALANCE 2017

<i>2016 Balances</i>	<b>Per Trial Balance</b>	
<b><u>REVENUE</u></b>		
Centre Fees	(10,315)	
Events Income	(3,995)	
Examinations Fees	(62,283)	
Graduation Fees	(3,810)	
Membership	(12,175)	
Projects	(6,215)	
Sundry Income	(174)	
<b><u>EXPENDITURE</u></b>		
Accounting / Audit Fees	230	
Advertising & Promotions	1,553	
<b>Assets</b>	<b>879</b>	<b>(879)</b>
Bank Charges	1,291	
Computer Expenses	371	
Courier & Postage	1,189	
General Expenses - Teas & Cleans	100	
General Expenses - Gifts	705	
General Expenses - Meals	2,077	
Hiring Services	6,682	
Licences	5,608	
Medical Expenses	265	
Motor Vehicle - Fuel & Oil	2,284	
Motor Vehicle - Parking	14	
Motor Vehicle - Repairs & Maintenance	150	
NSSA	771	
PAYE	2,478	
Petty Cash	1,513	
Printing & Stationery	3,566	
Refunds	775	
Rent Paid	6,000	
Repairs & Maintenance	758	
Salaries & Wages - Casuals	2,254	
Salaries & Wages - Nett Paid	11,993	
Salaries & Wages -Examination Setting	6,028	
Salaries & Wages -Examination Marking	25,024	
Salaries & Wages -Examination Invigilators	3,759	
Salaries & Wages -Administration	1,953	
Security	-	
Seminars/Conferences/Workshops	7,017	
Subscriptions	250	
Telephone Fax & Email	4,107	
Travel & Accommodation - Foreign	3,553	
Travel & Accommodation - Local	3,685	
Travelling Expenses	47	

Zimra - Withholding Tax		1,930	
Leave day expenses			1,439
Standard development levy			
Manpower Development levy			
Depn			
<b><u>Equity</u></b>			
Retained income	(17,994)	(17,994)	
<b><u>Payables</u></b>			
Token	(200)	(200)	
Leave pay provision		-	(1,439)
Provision for audit fees		-	
Medical aid			
Net pay			
Standard Development levy			
Manpower Development levy			
Pay As You Earn			
NSSA			
<b><u>Property and equipment</u></b>			
Motor vehicles			
Computer equipment			
Furniture and fittings			
Office equipment	1,500	1,500	879
Acc Depn			
<b><u>Current assets</u></b>			
<b><u>Cash and bank</u></b>			
CABS bank	16,694	4,803	
Cash on hand			
Petty Cash			
	-	(0.00)	-

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**Adjustments**

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