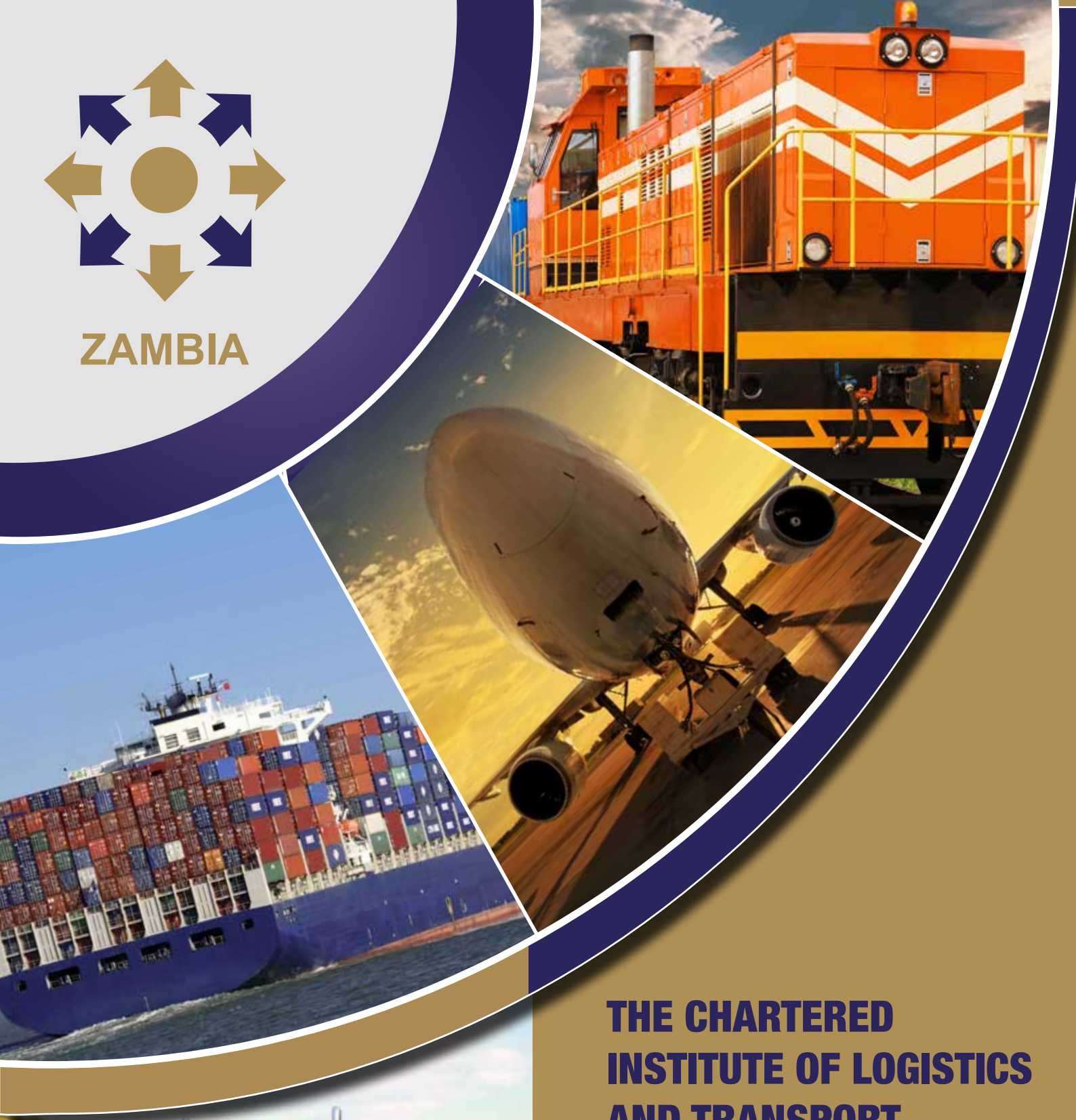
ZAMBIA



THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT

2018 ANNUAL REPORT

GENERAL INFORMATION

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

Establishment of the Institute

The Zambia Chartered Institute of Logistics and Transport is a creation of an Act of Parliament, the Zambia Chartered Institute of Logistics and Transport Act. No. 04 of 2014 and was operationalized by a Statutory Instrument No. 32 of 2015 signed on the 9th June 2015 by the Minister of Transport, Works, Supply and Transport (Hon. Yamfwa Mukanga).

The ZCILT Act provides for the establishment of the Institute to enforce the Act. The Institute's functions are, inter alia, to regulate the practice of Logistics and transport; to promote, encourage and co-ordinate the study of the science and art of logistics and transport in all branches through membership of all transportants and logisticians in the country. Further, there is established the National Council under the Act whose function is inter alia, to formulate policy and provide checks and balances on the Management team, establish more committees for smooth running of the Institute, to from time to time prescribe membership and practicing certificate fees and to provide direction on all matters incidental to the foregoing.

Our Mission

To promote, encourage, enforce and co-ordinate the science and art of logistics and transport in Zambia.

Our Vision

To be a world class Logistics and Transport Institute.

To standardize Logistics and Transport Operations in the Country.

To capture and interact with everyone in the sector and explore means of improving the logistics and transport sector.

To have everyone in the sector abide by the ethical and professional codes of conduct as are set out in the ZCILT Act.

Our Value

To transform State Owned Enterprises towards commercial viability, contribute to industrialisation and job creation.

OUR GOALS

The IDC holds the following key values:

- Integrity
- Innovation
- Transparency
- Professionalism

Our Goals

a. Promoting and facilitating the growth of professionalism in the Logistics and Transport Industry.

b. Establish an Information Resource Centre for Logistics and Transport Solutions.

c. Collaborate with Government and other stakeholders towards the growth of the logistics and transport sector.

d. Capacity building of the ZCILT Secretariat

Contents

Acronyms

ZCILT Zambia Chartered Institute of Logistics and Transport

WiLAT Women in Logistics

YP Young Professionals

The President's Statement

Dear readers

I am delighted to present a Chartered Institute of Logistics and Transport Zambia (CILT-Z) annual report for the financial year ended 2018. This report is part of the Institute's statutory obligation in ensuring that the report is produced, highlighting the various achievements and outlook of our strategy going forward to ensure that we fulfill our principle objective of enhancing the study and advancement of the management and science of logistics, supply chain and transport.

This annual report is at a time that the Chartered Institute of Logistics and Transport International is celebrated its centenary and also when the Zambian Government through the Ministry of Transport and Communications launched the National Transport Policy.

The report outlines various achievements of the institute which has recorded 151 percent growth in terms of membership making it the fastest growing institute in the world.

At National level, the launch of the National Transport Policy is a major milestone in terms of providing direction to the logistics and transport industry. The implementation of the National Transport Policy shall drive the enhancement of multi-sectoral national economic growth and improve livelihood of the Zambian population through improvement to provision and accessibility of products and services in a cost-effective manner.

I also wish to convey my sincere gratitude to the corporate members and the general membership for the support in the enhancement of the transport industry.

Zindaba Soko –FCILT , MBA -TELM , SAP PLM
CILT Zambia President

Registrar & CEO Statement

In 2017, CILT-Zambia had 408 paid up members both individual and corporate. Progressively membership has grown to 1810 with the institute becoming relatively visible to other stake holders in 2019.

This relative growth is as a result of the hard work expedited by the focussed National Council and management team that has continued working very hard to grow the institute.

Having an ACT of Parliament No. 4 of 2014, has started paying off as all stakeholders are becoming aware of the importance of becoming members to the noble Logistics & Transport industry, as the saying goes, Logistics & Transport are the engine of every economy , Zambia by being land linked everything is now speaking to enhancing all modes of transport to grow economies of the sub region. Before we only had a light in the tunnel, now it's becoming brighter.

GO CILT-Zambia GO, growth is looming and let us remain stronger together.

The strategic plan is slowly being achieved with less but more hope is the driving force as the will is still very strong in our old members and would be members. Together with all our major and minor stakeholders we are nearing the destination.

Stanley Simwaka – CMILT, MBA, TELM
Registrar & CEO

Chartered Institute of Logistics and Transport

THE NATIONAL COUNCIL AND ITS COMMITTEES

The National Council is established by section 12 of the ZCILT Act whose sole functions are to\ oversee the operations of the Institute and enforcement of the Act. The National Council's functions extends to promoting an understanding of professional ethics among members, ensure compliance of the ethics and codes of conduct among members and ensure that these ethics are in conformity with the acceptable logistics and transport standards, to determine the need and nature of professional indemnity or fidelity insurance to be taken by logisticians and transporters, to keep and maintain a register of all members, to determine membership fees and professional services fees, to formulate regulations for the Institute and to all other things connected or incidental to the foregoing.

The composition of the National Council as provided for in the Act is as follows:

1. The President
2. The Vice President
3. The Immediate Past President
4. The Honorary Secretary
5. The Honorary Treasurer
6. Two Trustees and four Committee Members (who are Chartered Fellows or Chartered Members)
7. All Chairpersons of the Institute's Branches (Midlands, Northern).

The National Council has got powers (under the ZCILT Act) to establish Committees for purposes of administering its mandate. The following are some of the Committees established or recognized by the National Council for purposes of enhancing the cause of logistics and transport practice in the Country:

1. Midlands Committee
2. Northern Region Committee
3. Women in Logistics and Transport (WiLAT)
4. The Young Professionals (YP)

The following are Committees established under the ZCILT Act:

1. The Examination Board
2. The Disciplinary Committee
3. The Logisticians and Transportants Registration Board
4. The Finance or Audit Committee

The National Council is elective every three (3) years during an elective AGM. However, the National Council has interactive Annual General Meetings where the President presents a status and visionary report to the members.

Apart from the AGMs the Institute holds quarterly interactive forums to share ideas and hear from the members issues affecting them in the sector

The President's

Zindaba Soko
President

Michael Mupeta - FCILT
Vice President

Phidelia S. Mwaba - FCILT
IPP

Pearson Makunku - FCILT
Hon. Secretary

Mumeka Walumweya - CMILT
Hon. Treasurer

Kennedy Mutawa - CMILT
Committee Member

Vincent Linyama - CMILT
Committee Member

Michael Lungu - CMILT
Committee Member

Abel Phiri - CMILT
Committee Member

Martin Chongo - FCILT
Trustee

Alias Zulu - FCILT
Trustee

Mike Mulongoti Jr - CMILT
Midlands

Namwaka Nachilongo - CMILT
Wilat

Capt. Christopher Mukuka - CMILT
Northern Region

Management Structures

The management team otherwise known as the Secretariat of the Institute is slowly being rolled out. The first full time employee was the Director and Registrar in 2013 who managed the Secretariat upto 2015 with support sta of only a Secretary/ Administrative O cer.

In the year 2015 an Assistant Accountant was employed to beef up the management of the Institute. The hard working National Council and its then able President (Ms. Phidelia Mwaba) managed the day to day business of the Institute until 2016 when the current Director and Registrar was employed as per requirement of the ZCILT Act. In the same year an o ce assistant was employed to keep the premises in clean and habitable condition.

Towards the end of 2017, the Institute under the able management of the Registrar and Director employed one Education and Membership O cer, two Inspectors and a driver.

The Education and Membership O cer was engaged to manage the membership database and advise management on the membership drive strategic vision and to oversee the operations of the training providers and through that o ce the Institute to manage examinations of all CILT students in the Country.

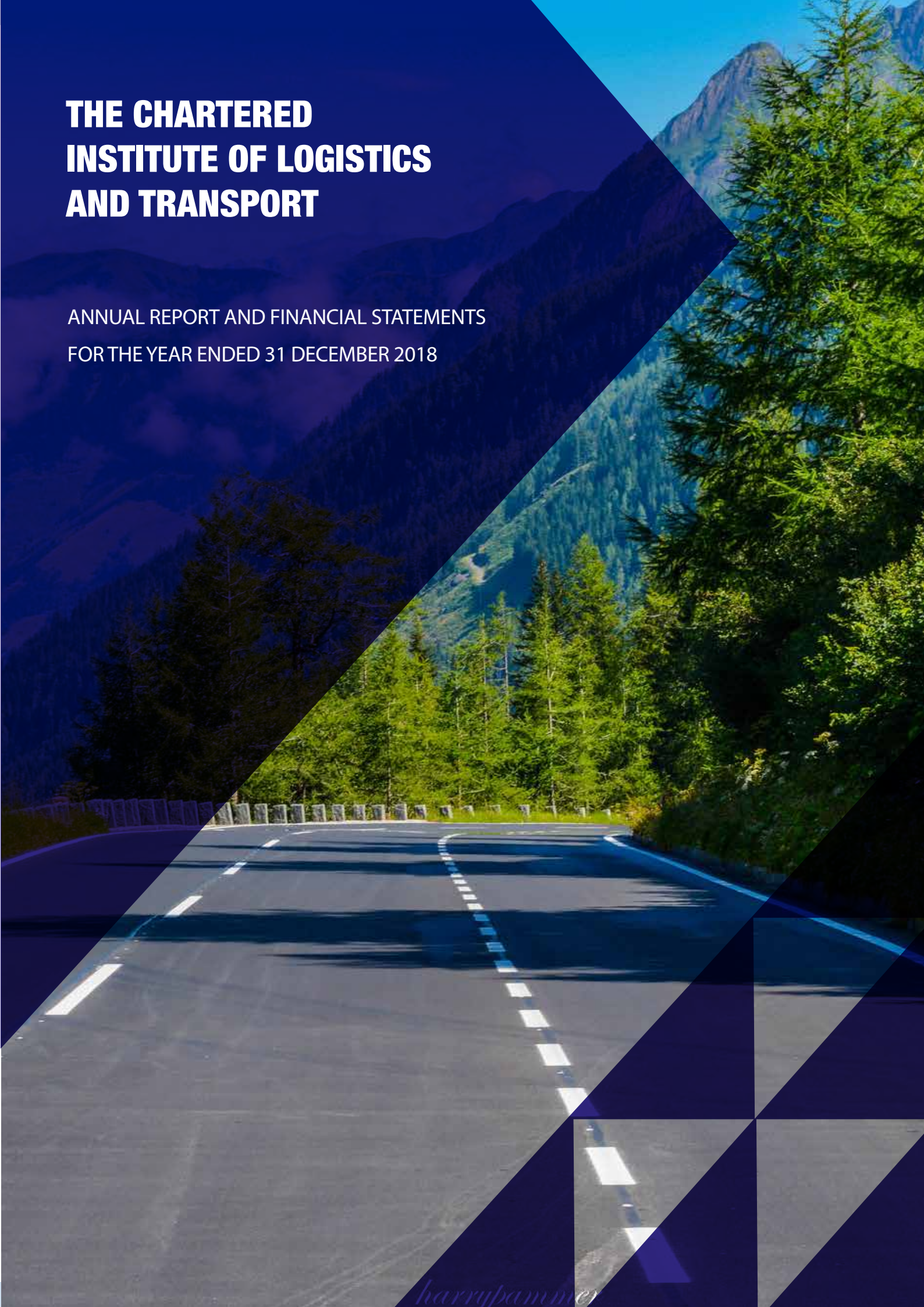
The need for Inspectors in the Institute cannot be overemphasized with the enactment of the ZCILT Act, Inspectors were needed to roll out the sensitization and enforcement of the Act to all logisticians and transportants in the Country.

The inclusion or employment of the Secretariat team has had the rapid increase in membership and compliance of logisticians and transportants in government, quasi government and private companies both at individual and organization level.

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT

Zambia Chartered Institute of Logistic and Transport
Financial Statements for the year ended 31 December 2017

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
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Honorary Secretary	Pearson Makunku

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The National Council submit their report together with the audited financial statements for the year ended 31 December 2018, 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

	2018 ZMW	2017 ZMW
Revenue	3,289,730	2,431,935
Surplus for the year	262,730	343,324

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

NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to ZMW 897 thousand (2017: ZMW 599 thousand) and the average number of employees was 8 (2017:8).

HEALTH AND SAFETY

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

GIFTS AND DONATIONS

During the year the Institute did not make any donations. (2017: ZMW 3,250) .

PROPERTY AND EQUIPMENT

The Institute purchased property and equipment amounting to ZMW 24 thousand (2017: ZMW 144 thousand) during the year. In the opinion of the Institute members, the carrying value of property and equipment is not less than its recoverable amount.

RESEARCH AND DEVELOPMENT

During the year, the Institute did not incur any costs on research and development (2017: Nil).

NATIONAL COUNCIL MEMBERS

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

Mr. Zindaba Soko	-	President
Mr. Mupeta Michael	-	Vice President
Mrs. Phidelia Mwaba	-	Immediate Past President (I.P.P)
Mr. Pearson Makunku	-	Honorary Secretary
Mrs. Mumeka Walumweya	-	Honorary Treasurer
Mr. Elias Zulu	-	Trustee
Mr. Martin Chongo	-	Trustee
Mr. Vincent Linyama	-	Committee Member
Mr. Abel Phiri	-	Committee Member
Mr. Michael Lungu	-	Committee Member
Mr. Mutawa Kennedy	-	Committee Member
Mr. Mike Mulongoti	-	Midlands Chairman
Capt. Christopher Mukupa	-	Northern Region Chairman
Mrs. Namwaka kasafya	-	Women in Logistics and Transport (WILAT)
Mr. Crispin Hachumpi	-	Southern Region Chairman

AUDITOR

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

By order of the Council

Honorary Secretary

19/09/ 2019

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

19/09/ 2019

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 2018, 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 2018 and of its financial performance and cash flows for the year ended and have been properly prepared in accordance with the International Financial Reporting Standards

Basis for Opinion

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

Other information

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the agency or to cease operations, or have no realistic alternative but to do so. Those charged with Governance are responsible for overseeing the Institution reporting process.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution internal control.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the agency to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the institutions audit. We remain solely responsible for our audit opinion.

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

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 2018 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 20/9/ **2019**
Lusaka

WKKKasongo

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

Statement of comprehensive income

	Notes	Year ended 31 December 2018 ZMW	2017 ZMW
Revenue	6	3,289,730	2,431,935
Direct cost		(569,878)	(423,966)
		2,719,852	2,007,971
Employee salaries and benefits		(897,045)	(599,970)
Other expenses		(1,482,184)	(998,355)
Amortisation		(3,623)	-
Depreciation		(74,270)	(66,320)
Surplus for the year		262,730	343,324

There were no items of other comprehensive income

The notes on pages 26 to 35 form an integral part of these financial statements.

Statement of financial position

	Notes	31 December 2018 ZMW	31 December 2017 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	**9**	1,904,2371,,7	1,920,094
Intangible assets	**10**	10,875	14,500
		1,915,112	1,934,594
Current assets			
Receivables and prepayments	**11**	114,703	55,673
Cash and cash equivalents	**12**	1,038,005	578,557
		1,152,708	634,230
TOTAL ASSETS		3,067,820	2,568,824
EQUITY AND LIABILITIES			
Equity attributable to owners			
Capital Reserves		941,100	941,100
Retained funds		1,616,706	1,343,378
Total equity		2,557,806	2,284,478
LIABILITIES			
Current liabilities			
Payables, accruals and provisions	**13**	510,014	284,347 284,347
Total liabilities		510,014	284,347
TOTAL EQUITY AND LIABILITIES		3,067,820	2,568,825

The notes on pages 26 to 22 form an integral part of these financial statements.

The financial statements on pages 24 to 35 were approved for issue by the Board members on 19/09/ 2019 and signed on its behalf by:

President **Honorary Treasurer**

Statement of changes in funds

	Capital reserves	Retained funds	Total
	ZMW	ZMW	ZMW
Year ended 31 December 2017			
At start of year	**941,100**	**1,000,054**	**1,941,154**
Comprehensive income			
Surplus for the year		343,324	343,324
Total comprehensive Income	-	343,324	343,324
At end of year	**941,100**	**1,343,378**	**2,284,478**
Year ended 31 December 2018	**941,100**	**1,343,378**	**2,284,478**
At start of year			
Comprehensive income			
Surplus for the year		262,730	262,730
Prior Adjustment		10,598	10,598
Total comprehensive Income			
At end of year	**941,100**	**1,616,706**	**2,557,806**

Statement of cash flows

	Notes	2018 ZMW	2017 ZMW
Cash flows from operating activities			
Surplus for the year		262,730	343,324
Depreciation		74,270	66,320
Prior Adjustment		10,598	
Amortisation		3,625	-
Movement in receivables		(59,030)	(45,473)
Movement in payables		225,667	97,063
Net cash generated from operating activities		517,860	461,234
Cash flows from investing activities			
Purchase of equipment	9	(24,009)	(144,430)
Transfer from WIP		(34,404)	
Net cash used in investing activities		(58,413)	(144,430)
Net Increase in cash and cash equivalents		459,447	316,805
Movement in cash and cash equivalents			
At start of year		578,556	261,752
Increase during the year		459,447	316,804
At end of year	12	1,038,003	578,556

The notes on pages 26 to 35 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. (a) New and revised standards that are effective for annual periods beginning on or after 1 January 2018

The Institute has not adopted any new standards or amendments that have a significant impact on the Institute's results or financial position.

The standards and amendments that are effective for the first time in 2018 (for entities with a 31 December 2018 year-end) and could be applicable to the Institute are:

- 'Annual Improvements to IFRSs' 2014 - 2016 cycle;
- Classification and measurement of share-based payment transactions (Amendments to IFRS 2)
- Recognition of Deferred tax assets for unrealized losses (Amendments to IAS 12); and
- 'Disclosure Initiative' (Amendments to IAS 7)

These amendments do not have a significant impact on amounts recognised in prior periods and will not affect current or future periods.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Institute.

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Institute. Information on those expected to be relevant to the Institute's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Institute's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Institute's financial statements.

IFRS 9 'Financial Instruments'

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Institute's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss-based impairment will need to be recognised on the Institute's trade receivables and investments in debt-type assets currently classified as Available For Sale (AFS) and Held To Maturity (HTM), unless classified as at fair value through profit or loss in accordance with the new criteria
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Institute makes an irrevocable designation to present them in other comprehensive income.
- if the Institute continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Institute's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2019.

Notes (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Institute. (continued)

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 introduces new guidance that will require the Institute to evaluate the separability of multiple elements based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Institute does not provide a significant service integrating, modifying or customising it).

The subsequent allocation of arrangement consideration to individual performance obligations is based on their relative stand-alone selling prices.

The Institute is currently in the process of reviewing all its contracts to ascertain how the new requirements will impact the identification of distinct goods or services and the allocation of consideration to them.

The standard allows adoption using either retrospectively in full to each prior reporting period or modified retrospective with application only to contracts that are not complete at the date of initial application.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Institute are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition;
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices;
- assessing their current disclosures for finance leases (note 14) and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets;
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions; and
- assessing the additional disclosures that will be required.

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

(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'.

Notes (continued)

3 Summary of significant account policies (continued)

(d) Property and equipment

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

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

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

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

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

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

(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.

Notes (continued)

3 Summary of significant account policies (continued)

(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.

(j) Financial assets

(i) Classification

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

(ii) Recognition and measurement

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

(iii) Offsetting financial instruments

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

(iv) Impairment

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

Notes (continued)

4 Financial risk management objectives and policies

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

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

Market risk

(i) Price risk

The Institute has no financial instruments subject to price risks.

(ii) Cash flow and fair value interest rate risk

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

Credit risk

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

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

	2018 ZMW	2017 ZMW
Cash and cash equivalents	1,038,005	578,557
Receivables and prepayments	114,703	55,673
	1,152,708	634,230

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

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.

Notes (continued)

6 Revenue

Analysis of revenue by category:

	2018 ZMW	2017 ZMW
Government grants	262,500	300,000
Membership Subscription	504,374	494,768
Sponsorship Funds	50,159	98,000
Practicing Licence	316,350	160,470
Examination fees received	1,046,758	836,128
Concession fees	9,500	30,000
CPC	49,071	164,779
Registration fees	62,300	7,350
Corporate affiliation fees	929,800	328,930
Other Income	58,918	11,510
	3,289,730	2,431,935

7 Expenses by nature

	2018 ZMW	2017 ZMW
Depreciation on property and equipment (Note 9)	74,270	66,320
Repairs and maintenance	40,982	44,759
Auditors' remuneration	23,200	26,400

8 Employee benefits expense

	2018 ZMW	2017 ZMW
The following items are included within employee benefits expenses:		
Salaries and wages	627,560	419,183
Retirement benefits costs:		
- National Pension Scheme Authority (Employers)	74,880	42,451
	702,440	461,634

Notes (continued)

9 Property, Plant and equipment

	Land & Building	WIP	Office Equipment	Furniture & Fittings	Motor vehicles	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
At 31 December 2016						
Cost	2,000,000	-	81,343	84,815		2,344,518
Accumulated depreciation	(196,800)	-	(62,793)	(64,581)		(324,173)
Impairment	-	-	-	-		(178,359)
Closing net book amount	**1,803,200**	**-**	**18,550**	**20,235**		**1,841,986**
Year ended 31 December 2017						
Opening net book value	**1,803,200**	**-**	**18,550**	**20,235**		**1,841,986**
Additions			9,830	2,600	132,000	144,430
Depreciation charge	(36,064)	-	(6,220)	(7,535)	(16,500)	(66,320)
Closing net book amount	**1,767,136**	**-**	**22,160**	**15,299**	**115,500**	**1,920,094**
At 31 December 2017						
Cost	2,000,000	-	91,173	87,415	132,000	2,488,948
Accumulated depreciation	(232,864)	-	(69,013)	(72,116)	(16,500)	(568,854)
Closing net book amount	**1,767,136**	**-**	**22,160**	**15,299**	**115,500**	**1,920,094**
Year ended 31 December 2018						
Opening net book value	**1,767,136**	**-**	**22,160**	**15,299**	**115,500**	**1,920,094**
Additions	-	-	24,009	-	-	24,009
Prior Adjustment		-10,598				
Transfer from WIP	34,404					34,404
WIP Additions		-23,806				
Depreciation charge	(36,031)		(5,540)	(3,824)	(28,875)	(74,270)
Closing net book amount	**1,765,509**	**-**	**40,629**	**11,475**	**86,625**	**1,904,237**
At 31 December 2018						
Cost	2,034,404	-	115,182	87,415	132,000	2,512,957
Accumulated depreciation	(268,895)	-	(74,553)	(75,940)	(45,375)	(643,124)
Closing net book amount	**1,765,509**	**-**	**40,629**	**11,475**	**86,625**	**1,904,237**

Notes (continued)

10 Intangible asset

	2018	2017
	ZMW	ZMW
At start of year	14,500	-
Amortisation	3,625	14,500
At end of year	10,875	14,500

11 Receivables and prepayments

Receivables	-	6,390
Staff Advance	6,500	-
Other receivables	35,203	49,283
Grant	52,500	-
Concession	20,500	-
	114.703	55,673

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

12 Cash and cash equivalents

Cash at bank and in hand	1,038,005	578,557

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

13 Payables, accruals and provisions

Gratuity	304,375	116,875
Leave days	138,456	48,456
Audit fees	23,200	23,200
PAYE and NAPSA	22,660	21,486
Certification fees	21,324	74,330
	510,014	284,347

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

14 Contingent liabilities

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

15 Capital commitments

There were no capital commitments at the reporting date.

Notes (continued)

16 Related party transactions

The following transactions were carried out with related parties:

i) The GRZ	**2018 ZMW**	**2017 ZMW**
Grants from the Government of the Republic of Zambia.	262,500	300,000
ii) Key management compensation		
Salaries and other short-term employment benefits	606,000	702,000
	606,000	702,000
iii) Directors' remuneration		
Allowances for services as a director as approved by the Board	-	-
Fees for executive	300,000	300,000
	300,000	300,000

Detailed operating statement

	2018 ZMW	2017 ZMW
Revenue	3,289,730	2,431,935
Direct cost	(569,878)	(423,966)
	2,719,852	2,007,969
Expenditure		
Advertising and promotion	77,200	110,277
Audit fees	23,200	26,400
Annual general meeting expenses	104,505	61,896
Amortisation of Goodwill	3,625	-
Bank charges	11,806	7,658
Cleaning materials	14,488	14,025
Depreciation	74,270	66,319
Donation	-	3,250
Electricity and water	8,213	3,578
Fuel and lubricant	30,270	28,924
General expenses	-	29,625
Gratuity	187,500	116,875
Insurance and license	545	1,754
Telephone & Internet expenses	21,086	38,444
Leave days	90,000	48,456
Legal Fees	2,493	35,000
Office & Computer	19,644	-
Printing & Stationery	193,716	72,050
Rates	2,117	2,430
Repairs & Maintenance	17,173	44,759
Salaries & Wages	897,045	599,970
Security	33,500	36,000
Staff Training	-	8,500
Service Charge	22,570	-
Sitting Allowances	219,937	188,887
Secretariat Expenses	36,891	-
Subscription fees	36,987	22,621
Postage & Courier	2,964	5,292
Travel & Accommodation	325,377	106,855
Total Expenditure	**2,457,122**	**1,664,645**
Surplus/(Deficit) for the year	**262,730**	**343,324**

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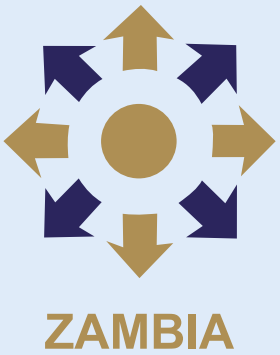

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT

Pegasuc House 29 Mpulungu Olympia Park
P.O. Box 35426
Lusaka 10101 Zambia

Tel/Fax: +260 211 294240

Email: ciltzam.co.zm

Website: www.ciltzambia.com