

**THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
(Incorporated in Hong Kong and limited by guarantee)**

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

RONALD H. T. LEE & CO.
Certified Public Accountants (Practising)
Hong Kong



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THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
(Incorporated in Hong Kong and limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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RONALD H. T. LEE & CO.*Certified Public Accountants (Practising)*1/F., Hing Lung Commercial Building,
68-74 Bonham Strand, Sheung Wan, Hong KongTelephone : 2578 8018
Facsimile : 2566 3369**Independent Auditor's Report to the Members of
The Chartered Institute of Logistics and Transport in Hong Kong
(Incorporated in Hong Kong and limited by guarantee)****Opinion**

We have audited the financial statements of The Chartered Institute of Logistics and Transport in Hong Kong (the "Institute") set out on pages 4 to 12, which comprise the statement of financial position as at 31 December 2020, and the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Institute are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised), *Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Council Members are responsible for the other information. The other information comprises the information included in the President's Report and Honorary Treasurer's Report, but does not include the financial statements and our auditor's report thereon.

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. We have nothing to report in this regard.

RONALD H. T. LEE & CO.

Certified Public Accountants (Practising)

1/F., Hing Lung Commercial Building,
68-74 Bonham Strand, Sheung Wan, Hong Kong

Telephone : 2578 8018
Facsimile : 2566 3369

Independent Auditor's Report to the Members of The Chartered Institute of Logistics and Transport in Hong Kong (Cont'd) (Incorporated in Hong Kong and limited by guarantee)

Responsibilities of Council Members and Those Charged with Governance for the Financial Statements

The Council Members are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Council 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, the Council Members are 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 Council Members either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

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. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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.

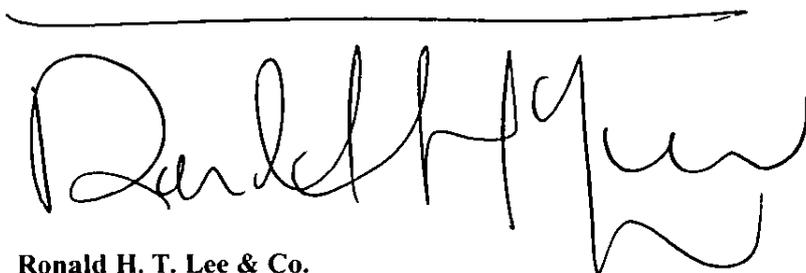
As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Institute's internal control.

RONALD H. T. LEE & CO.*Certified Public Accountants (Practising)*1/F., Hing Lung Commercial Building,
68-74 Bonham Strand, Sheung Wan, Hong KongTelephone : 2578 8018
Facsimile : 2566 3369**Independent Auditor's Report to the Members of
The Chartered Institute of Logistics and Transport in Hong Kong (Cont'd)**
(Incorporated in Hong Kong and limited by guarantee)**Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

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.



Ronald H. T. Lee & Co.
Certified Public Accountants (Practising)

Hong Kong, 10 August 2021

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
(Incorporated in Hong Kong and limited by guarantee)
Income Statement
For the Year Ended 31 December 2020

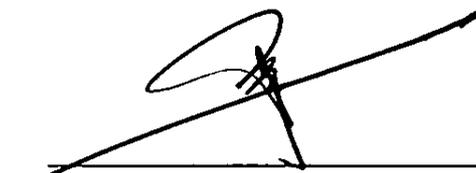
	<i>Notes</i>	2020 HKS	2019 HKS
Revenue	2	1,711,591	1,603,332
Other income	3	<u>448,879</u>	<u>584,762</u>
		2,160,470	2,188,094
Administrative expenses		(1,664,659)	(1,773,995)
Other operating expenses		<u>(146,709)</u>	<u>(396,548)</u>
Surplus for the Year	4	<u><u>349,102</u></u>	<u><u>17,551</u></u>

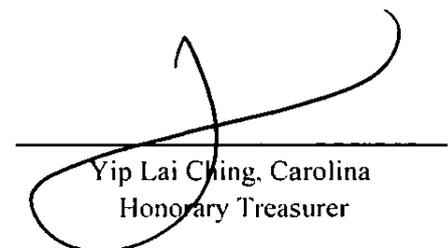
The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
(Incorporated in Hong Kong and limited by guarantee)
Statement of Financial Position
As at 31 December 2020

	<i>Notes</i>	2020 HKS	2019 HKS
Non-Current Assets			
Property, plant and equipment	7	<u>3,024,957</u>	<u>2,956,193</u>
Current Assets			
Accounts and other receivables		102,353	175,720
Cash and bank balances	8	<u>5,282,692</u>	<u>4,927,845</u>
		<u>5,385,045</u>	<u>5,103,565</u>
Less: Current Liabilities			
Accounts and other payables	9	<u>1,470,349</u>	<u>1,469,207</u>
Net Current Assets		<u>3,914,696</u>	<u>3,634,358</u>
Net Assets		<u><u>6,939,653</u></u>	<u><u>6,590,551</u></u>
FUNDS			
Members' fund	11	6,840,653	6,491,551
Scholarship and award fund	11	<u>99,000</u>	<u>99,000</u>
		<u><u>6,939,653</u></u>	<u><u>6,590,551</u></u>

Approved by:


 Fong Ping
 President


 Yip Lai Ching, Carolina
 Honorary Treasurer

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
(Incorporated in Hong Kong and limited by guarantee)
Statement of Cash Flows
For the Year Ended 31 December 2020

	2020 HKS	2019 HKS
Cash flows from operating activities		
Surplus for the year	349,102	17,551
Adjustments for:		
Depreciation	114,265	99,325
Bank interest income	(32,254)	(62,898)
Operating surplus before changes in working capital	431,113	53,978
Changes in working capital:		
Decrease / (Increase) in accounts and other receivables	73,367	(89,576)
Increase in accounts and other payables	1,142	182,635
Net cash generated from operating activities	<u>505,622</u>	<u>147,037</u>
Cash flows from investing activities		
Bank interest income	32,254	62,898
Purchase of property, plant and equipment	(183,029)	(550)
Net cash (used in) / generated from investing activities	<u>(150,775)</u>	<u>62,348</u>
Cash flows from financing activities		
Decrease in scholarship and award fund	-	(32,000)
Net cash used in financing activities	<u>-</u>	<u>(32,000)</u>
Net increase in cash and cash equivalents	354,847	177,385
Cash and cash equivalents at beginning of the year	4,927,845	4,750,460
Cash and cash equivalents at end of the year	<u>5,282,692</u>	<u>4,927,845</u>

The accompanying Accounting Policies and Explanatory Notes form an integral part of, and should be read in conjunction with, these financial statements.

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
(Incorporated in Hong Kong and limited by guarantee)
Accounting Policies and Explanatory Notes to the Financial Statements
For the Year Ended 31 December 2020

Reporting Entity

The Chartered Institute of Logistics and Transport in Hong Kong (the "Institute") is a body corporate incorporated in Hong Kong as an institute limited by guarantee. The Institute's registered office is located at 7/F., Yue Hing Building, 103 Hennessy Road, Wanchai, Hong Kong. The principal activities of the Institute include, inter alia, to promote, encourage and co-ordinate the study of the science and art of transport; to initiate, foster and maintain investigation and research into the best means and methods of any appliances for transport, transit and locomotion and the problems that are involved and their most satisfactory solution; to extend, increase and disseminate knowledge and exchange information and ideas in regard to all questions connected therewith; and to assist and further in all practicable ways the development and improvement of transport, transit and locomotion in the best interest of the community. The liability of the members is limited to contributing to the assets of the Institute to the extent of HK\$10 each in the event that the Institute is wound up.

1. Basis of Preparation and Accounting Policies

The Institute qualifies for the reporting exemption as a small guarantee company under Section 359(1)(a) of the Hong Kong Companies Ordinance (Cap. 622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Institute is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a) Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Institute and when the revenue can be measured reliably, on the following bases:

- (i) Members' subscription fees are recognized on a time proportion basis.
- (ii) Accreditation income, advertising income, administrative income and income from examinations are recognized at a point in time on completion of services.
- (iii) Interest income is recognized on a time proportion basis taking into account the principal outstanding and at the interest applicable.
- (iv) Members' entrance fees are recognized at a point in time on completion of assessment services by granting the qualification and status to the applicants.
- (v) Revenue from activities is recognized upon completion of the relevant events.

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
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Accounting Policies and Explanatory Notes to the Financial Statements
For the Year Ended 31 December 2020

1. Basis of Preparation and Accounting Policies (Cont'd)

b) Foreign Exchange

The reporting currency of the Institute is Hong Kong Dollars, which is the currency of the primary economic environment in which the Institute operates.

Foreign currency transactions are converted at the exchange rates applicable at the transaction dates. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognized in the income statement.

c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful life using the straight-line method. The principal annual rates used for depreciation are as follows:

Leasehold land	Over the remaining lease term
Buildings	2.5%
Leasehold improvements	20%
Furniture and equipment	20%

d) Impairment of Assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the income statement. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation), had no impairment losses been recognized for the asset in prior years.

e) Accounts and Other Receivables

Accounts and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

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Accounting Policies and Explanatory Notes to the Financial Statements
For the Year Ended 31 December 2020

1. Basis of Preparation and Accounting Policies (Cont'd)

f) Retirement Benefit Costs

The Institute participates in a Mandatory Provident Fund Scheme (the MPF scheme) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

g) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Institute are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the lease term.

h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Institute's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

2. Revenue

Revenue represents members' subscription fees.

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(Incorporated in Hong Kong and limited by guarantee)
Accounting Policies and Explanatory Notes to the Financial Statements
For the Year Ended 31 December 2020

3. Other Income

An analysis of the Institute's other income is as follows:

	2020	2019
	HKS	HKS
Accreditation fee income	49,366	54,366
Advertising income – members' directory	-	109,700
Bank interest income	32,254	62,898
CILT International administration fee	46,260	46,023
Examination fees	9,600	5,250
Government subsidy - ESS Fund	180,822	-
Members' entrance fees	86,490	97,080
Surplus on Institute events	44,087	209,445
	<u>448,879</u>	<u>584,762</u>

4. Surplus for the Year

Surplus for the year is arrived at:

	2020	2019
	HKS	HKS
After charging the following items:		
Depreciation	114,265	99,325
Exchange losses, net	526	563
Staff costs	1,217,402	1,315,312
	<u>1,217,402</u>	<u>1,315,312</u>

5. Council Members' Remuneration

During the year, no remuneration was paid to the Council Members for their services to the Institute. (2019: Nil)

6. Taxation

The Institute is a non-profit-making entity and is exempted from profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance. (2019: Nil)

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Accounting Policies and Explanatory Notes to the Financial Statements
For the Year Ended 31 December 2020

7. Property, Plant and Equipment

	<i>Leasehold land and buildings</i> HK\$	<i>Leasehold improvements</i> HK\$	<i>Furniture and equipment</i> HK\$	<i>Total</i> HK\$
<i>Cost</i>				
At 1 January 2020	4,175,664	53,787	881,255	5,110,706
Addition	-	-	183,029	183,029
At 31 December 2020	<u>4,175,664</u>	<u>53,787</u>	<u>1,064,284</u>	<u>5,293,735</u>
<i>Accumulated depreciation and impairment losses</i>				
At 1 January 2020	1,330,161	53,787	770,565	2,154,513
Depreciation	65,687	-	48,578	114,265
At 31 December 2020	<u>1,395,848</u>	<u>53,787</u>	<u>819,143</u>	<u>2,268,778</u>
<i>Net carrying amount</i>				
At 31 December 2020	<u>2,779,816</u>	<u>-</u>	<u>245,141</u>	<u>3,024,957</u>
At 31 December 2019	<u>2,845,503</u>	<u>-</u>	<u>110,690</u>	<u>2,956,193</u>

8. Cash and Bank Balances

	2020 HK\$	2019 HK\$
Cash at banks	5,277,692	4,922,845
Cash on hand	5,000	5,000
	<u>5,282,692</u>	<u>4,927,845</u>

9. Accounts and Other Payables

	2020 HK\$	2019 HK\$
Accounts payable and accruals	17,164	14,706
Sponsors' contribution received in advance	53,570	60,000
Members' subscription fees received in advance	1,028,683	1,014,088
Accreditation and event fees received in advance	170,047	199,413
WiLAT Fund (Note 10)	200,885	181,000
	<u>1,470,349</u>	<u>1,469,207</u>

THE CHARTERED INSTITUTE OF LOGISTICS AND TRANSPORT IN HONG KONG
(Incorporated in Hong Kong and limited by guarantee)
Accounting Policies and Explanatory Notes to the Financial Statements
For the Year Ended 31 December 2020

10. WiLAT Fund

	2020	2019
	HKS	HKS
Balance at beginning of the year	181,000	98,898
Fund transfer from WiLAT Global Adviser Fund	-	30,546
Bank interest income	65	216
Income from activities	-	11,935
Donations received	30,000	110,000
	<u>211,065</u>	<u>251,595</u>
Less: Payment for expenses	<u>(10,180)</u>	<u>(70,595)</u>
Balance at end of the year	<u><u>200,885</u></u>	<u><u>181,000</u></u>

The above fund is used to subsidize the activity expenses of the Women in Logistics and Transport group.

11. Changes in Funds

	<i>Members'</i>	<i>Scholarship and</i>	<i>Total</i>
	<i>Fund</i>	<i>Award Fund</i>	<i>Total</i>
	HKS	HKS	HKS
At 1 January 2020	6,491,551	99,000	6,590,551
Surplus for the year	349,102	-	349,102
At 31 December 2020	<u><u>6,840,653</u></u>	<u><u>99,000</u></u>	<u><u>6,939,653</u></u>

12. Approval of Financial Statements

These financial statements were authorized for issue by the Institute's Council on 10 August 2021.