

**ECU WORLDWIDE (KENYA) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2021

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BOARD OF DIRECTORS	: Saleem Mohamed Nazir (British) : Rene Marcel Wernli (Swiss) (Resigned 1 November 2021) : Sanjeev Sukumaran (Indian)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Inchcape House : 3rd Floor, Archbishop Makarios cls : Off Moi Avenue : P. O. Box 94066 - 80107 : Mombasa
INDEPENDENT AUDITOR	: PKF Kenya LLP : Certified Public Accountants : P. O. Box 90553 - 80100 : Mombasa
COMPANY SECRETARIES	: Africa Registrars LLP : Certified Public Secretaries : P. O. Box 1243 - 00100 : Nairobi
PRINCIPAL BANKER	: Stanbic Bank Kenya Limited : P. O. Box 90131 - 80100 : Mombasa
LEGAL ADVISORS	: Cootow & Associates Advocates : Social Security House : P. O. Box 16858 - 80100 : Mombasa
SUBSIDIARY	: Ecu Shipping Logistics (K) Limited : Mombasa
PARENT COMPANY	: ECUHOLD NV : Belgium

REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2021, which disclose the state of affairs of the company and the group.

PRINCIPAL ACTIVITIES

The principal activities of the company are those of provision of freight shipping and air services, clearing, forwarding, warehousing agents and investment in property letting. The principal activity of the subsidiary company, Ecu Shipping Logistics (K) Limited, is lodging of import manifests.

BUSINESS REVIEW

During the year 2021, the total turnover of the company increased from Shs 346,219,986 in 2020 to Shs 488,195,249 in 2021. This increase was mainly attributed to high demand for shipping consignments resulting to surge in revenue. The profit before tax decreased from Shs 36,635,881 in 2020 to Shs 15,952,285 in 2021 primarily due to the effects of increase in cost of sales coupled with declined gross profit margin.

As at 31 December 2021, the net asset position of the group was Shs 20,632,661 compared to Shs 38,109,923 as at 31 December 2020 and for that of company was Shs 20,813,994 in 2021 compared to Shs 38,052,604 in 2020.

Key performance indicators	Group		Company	
	2021	2020	2021	2020
Turnover (Shs)	488,195,249	346,219,986	488,195,249	346,219,986
Gross profit (Shs)	133,469,758	126,605,163	132,589,758	125,517,163
Gross Profit Margin (%)	27%	37%	27%	36%
Profit for the year (Shs)	9,451,226	23,921,235	9,692,288	25,003,314
Net assets (Shs)	20,324,111	38,109,923	20,505,443	38,052,604

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the company's services. The company's strategic focus is to enhance sales growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions and other factors.

Despite more than a year since it began to spread worldwide and even after the introduction of multiple vaccines across the world, covid 19 still looms large as a threat. Regardless of these conditions, economies across the world have opened, reviewed by climbing vaccination rates. The company has faced these challenges positively during the financial year ended 31 December 2021. The company's business has recovered driven by increase in the number of shipments both imports and exports as a result of the Kenyan economy recovering.

In addition to the business risks discussed above, the group's/company's activity exposes it to a number of financial risks including credit risk, cash flow and foreign currency risk and liquidity risk as set out below.

Credit risk

The group's/company's principal financial assets are cash and bank balances and trade and other receivables which consist primarily of related party balances. The group's/company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made in line with impairment accounting policy outlined under Note 2(b) (significant accounting policies). The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Cash flow and foreign currency risk

The majority of the group's/company's transactions are in foreign currency, thus it is exposed to currency risk. This risk is managed through appropriate operational offset of open receivable and payable foreign currency positions.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company monitors its need for cash on a regular basis and takes appropriate action through intercompany financing arrangements.

DIVIDEND

The directors propose a final dividend of Shs 18,750 per share (2020: Shs 25,000) amounting to a total of Shs 15,000,000 (2020: Shs 20,000,000).

During the year, an interim dividend of Shs 11,311.61 (2020: Shs nil) per share amounting to a total of Shs 9,049,290 (2020: Shs nil) was paid. The total dividend for the year is therefore Shs 30,061.61 per share (2020: Shs 25,000 per share) amounting to a total of Shs 24,049,290 (2020: Shs 20,000,000).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

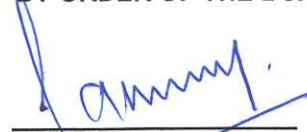
With respect to each director at the time this report was approved:

- (a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and
- (b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PKF Kenya LLP, continues in office in accordance with the company's Articles of Association and Section 719 of the Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fee.

BY ORDER OF THE BOARD



DIRECTOR
MOMBASA

19/04 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company; and that disclose, with reasonable accuracy, the financial position of the group and the company and that enables them to prepare financial statements of the company that comply with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the requirements of the Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the group and the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i) Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) Selecting and applying appropriate accounting policies; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2021 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Kenyan Companies Act, 2015.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 19/04 2022 signed on its behalf by:



DIRECTOR


DIRECTOR

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ECU WORLDWIDE (KENYA) LIMITED

Opinion

We have audited the consolidated financial statements of Ecu Worldwide (Kenya) Limited and its subsidiary (the Group), set out on pages 7 to 26 which comprise the consolidated and company statements of financial position as at 31 December 2021, the consolidated and company statements of profit or loss, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position as at 31 December 2021, and of the consolidated and company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Kenyan Companies Act, 2015.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics 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 consolidated financial statements in Kenya, 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 opinion.

Other information

The directors are responsible for the other information. The other information comprises the directors' report and the consolidated and company schedules of expenditure and schedule of net rental income but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the consolidated 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.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS for SMEs, and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

.....continued on page 6

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Partners: A. Shah, A. Vadhwa, P. Shah, R. Mirchandani*, C. Ogutu***, A. Chaudhry, K. Shah**, M. Mburugu, G. Santokh, D. Shah, S. Alibhai, L. Abreu, P. Kuria, N. Shah, J. Shah, E. Njuguna, P. Kahi, A. Chandria, M. Kimundu, S. Chheda**, M. Bhavsar, C. Mukunu, K. Bharadva, P.A. Shah (*Indian, **British, ***Ugandan)

PKF Kenya LLP and its associates are member firms of the PKF International Limited family of legally independent firms and do not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ECU WORLDWIDE (KENYA) LIMITED (CONTINUED)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' 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 group'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 consolidated 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Matters Prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Parit Azadkumar Shah P/No 2305



For and on behalf of PKF Kenya LLP
Certified Public Accountants
Mombasa

21-4- 2022

0056/2022

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2021 Shs	2020 Shs
Revenue	3	488,195,249	346,219,986
Cost of sales		<u>(354,725,491)</u>	<u>(219,614,823)</u>
Gross profit		133,469,758	126,605,163
Other income	4	3,796,040	5,507,768
Administrative expenses		(102,117,413)	(72,899,365)
Other operating expenses		<u>(18,498,463)</u>	<u>(24,163,506)</u>
Operating profit		16,649,922	35,050,060
Finance (cost)/income	7	<u>(1,198,895)</u>	<u>522,102</u>
Profit before tax		15,451,027	35,572,162
Tax charge	8	<u>(5,999,801)</u>	<u>(11,650,927)</u>
Profit for the year		<u>9,451,226</u>	<u>23,921,235</u>
Attributable to:			
Owners of the company		9,453,637	23,921,176
Non-controlling interests		<u>(2,411)</u>	<u>59</u>
		<u>9,451,226</u>	<u>23,921,235</u>
Dividends:			
- Final paid for 2019		7,239,449	-
- Final paid for 2020		20,000,000	-
- Final proposed		<u>15,000,000</u>	<u>20,000,000</u>

The notes on pages 15 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 6.

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2021

COMPANY STATEMENT OF PROFIT OR LOSS

	Notes	2021 Shs	2020 Shs
Revenue	3	488,195,249	346,219,986
Cost of sales		<u>(355,605,491)</u>	<u>(220,702,823)</u>
Gross profit		132,589,758	125,517,163
Other income	4	3,781,633	6,581,429
Administrative expenses		(101,092,948)	(71,883,232)
Other operating expenses		<u>(18,435,813)</u>	<u>(24,101,581)</u>
Operating profit		16,842,630	36,113,779
Finance (cost)/income	7	<u>(1,198,895)</u>	<u>522,102</u>
Profit before tax		15,643,735	36,635,881
Tax charge	8	<u>(5,951,446)</u>	<u>(11,632,567)</u>
Profit for the year		<u>9,692,289</u>	<u>25,003,314</u>
Dividends:			
- Final paid for 2019		20,000,000	1,142
- Final paid for 2020		7,239,449	-
- Final proposed		<u>15,000,000</u>	<u>20,000,000</u>

The notes on pages 15 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 6.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2021 Shs	2020 Shs
CAPITAL EMPLOYED			
Share capital	10	4,000,000	4,000,000
Proposed dividends		15,000,000	20,000,000
Retained earnings		1,324,111	14,109,923
Equity attributable to owners of the company		<u>20,324,111</u>	<u>38,109,923</u>
Non-controlling interests		(211)	2,200
		<u>20,323,900</u>	<u>38,112,123</u>
Non current liabilities			
Borrowings	11	-	4,039,290
		<u>20,323,900</u>	<u>42,151,413</u>
REPRESENTED BY			
Non-current assets			
Vehicles and equipment	12	23,018,448	27,776,497
Intangible asset	13	55,522	79,318
Deferred tax	14	5,515,313	5,621,098
		<u>28,589,283</u>	<u>33,476,913</u>
Current assets			
Financial assets	16	-	1,478,389
Trade and other receivables	17	67,238,864	50,554,160
Cash and cash equivalents	18	18,782,244	12,530,696
Tax recoverable		938,424	-
		<u>86,959,532</u>	<u>64,563,245</u>
Current liabilities			
Trade and other payables	19	80,843,435	46,382,847
Borrowings	11	14,381,480	4,693,348
Tax payables		-	4,812,550
		<u>95,224,915</u>	<u>55,888,745</u>
Net current (Liabilities)/assets		<u>(8,265,383)</u>	<u>8,674,500</u>
		<u>20,323,900</u>	<u>42,151,413</u>

The financial statements on pages 7 to 26 were approved and authorised for issue by the Board of Directors on 19/04 2022 and were signed on its behalf by:

 **DIRECTOR**

 **DIRECTOR**

The notes on pages 15 to 26 form an integral part of these financial statements.

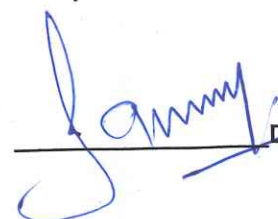
Report of the independent auditor - pages 5 - 6.

COMPANY STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2021 Shs	2020 Shs
CAPITAL EMPLOYED			
Share capital	10	4,000,000	4,000,000
Proposed dividends		15,000,000	20,000,000
Retained earnings		1,505,444	14,052,604
		<u>20,505,444</u>	<u>38,052,604</u>
Equity attributable to owners of the company			
Non current liabilities			
Borrowings	11	-	4,039,290
		<u>20,505,444</u>	<u>42,091,894</u>
REPRESENTED BY			
Non-current assets			
Vehicles and equipment	12	23,018,448	27,776,497
Intangible asset	13	55,522	79,318
Deferred tax	14	5,515,313	5,577,065
Investment in subsidiary	15	999,000	999,000
		<u>29,588,283</u>	<u>34,431,880</u>
Current assets			
Trade and other receivables	17	67,238,864	51,573,934
Cash and cash equivalents	18	18,012,894	12,180,087
Tax recoverable		541,318	-
		<u>85,793,076</u>	<u>63,754,021</u>
Current liabilities			
Borrowings	11	14,381,480	4,693,347
Trade and other payables	19	80,494,435	46,222,681
Tax payables		-	5,177,979
		<u>94,875,915</u>	<u>56,094,007</u>
Net current (Liabilities)/assets		<u>(9,082,839)</u>	<u>7,660,014</u>
		<u>20,505,444</u>	<u>42,091,894</u>

The financial statements on pages 7 to 26 were approved and authorised for issue by the Board of Directors on 19/04 2022 and were signed on its behalf by:

 **DIRECTOR**

 **DIRECTOR**

The notes on pages 15 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 6.

Ecu Worldwide (Kenya) Limited
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total equity attributable to the owners interests Shs	Non-controlling interests Shs	Total Shs
As start of year	4,000,000	14,109,923	20,000,000	38,109,923	2,200	38,112,123
Profit for the year	-	9,453,637	-	9,453,637	(2,411)	9,451,226
Dividends: Final for 2020 (paid)	-	-	(20,000,000)	-	-	(20,000,000)
Dividends: Final for 2019 (paid)	-	(7,239,449)	-	-	-	(7,239,449)
Dividends: Final for 2021 (proposed)	-	(15,000,000)	15,000,000	-	-	-
At end of year	4,000,000	1,324,111	15,000,000	47,563,560	(211)	20,323,900

Year ended 31 December 2020

	Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total equity attributable to the owners interests Shs	Non-controlling interests Shs	Total Shs
As start of year	4,000,000	10,189,889	-	14,189,889	2,141	14,192,030
Profit for the year	-	23,921,176	-	23,921,176	59	23,921,235
Dividends: Final for 2020 (proposed)	-	(20,000,000)	20,000,000	-	-	-
Dividends: Final for 2020 (paid)	-	(1,142)	-	(1,142)	-	(1,142)
At end of year	4,000,000	14,109,923	20,000,000	38,109,923	2,200	38,112,123

Report of the independent auditor - pages 5 - 6.

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COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total Shs
Year ended 31 December 2021				
As start of year	4,000,000	14,052,604	20,000,000	38,052,604
Profit for the year	-	9,692,289	-	9,692,289
Dividends: Final for 2020 (paid)	-	-	(20,000,000)	(20,000,000)
Dividends: Final for 2019 (paid)	-	(7,239,449)	-	(7,239,449)
Dividends: Final for 2021 (proposed)	-	(15,000,000)	15,000,000	-
At end of year	<u>4,000,000</u>	<u>1,505,444</u>	<u>15,000,000</u>	<u>20,505,444</u>
Year ended 31 December 2020				
As start of year	4,000,000	9,049,290	-	13,049,290
Profit for the year	-	25,003,314	-	25,003,314
Dividends: Final for 2020 (paid)	-	(20,000,000)	20,000,000	-
At end of year	<u>4,000,000</u>	<u>14,052,604</u>	<u>20,000,000</u>	<u>38,052,604</u>

Report of the independent auditor - pages 5 - 6.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021 Shs	2020 Shs
Cash flows from operating activities			
Profit before tax		15,451,027	35,572,162
Adjustments for:			
Depreciation of vehicles and equipment	12	5,999,276	7,411,600
Amortisation of intangible asset	13	23,796	33,994
Interest income	4	(14,407)	(66,937)
Loss on disposal of vehicles and equipment		(25,858)	(304,480)
Changes in working capital:			
- financial assets		-	(22,236)
- trade and other receivables		(15,664,166)	1,294,348
- trade and other payables		34,466,588	(5,556,244)
Tax paid		(10,446,095)	(54,400)
Net cash from operating activities		29,790,161	38,307,807
Cash flows from investing activities			
Cash paid for purchase of vehicles and equipment	12	(1,267,700)	(832,500)
Proceeds from disposal of vehicles and equipment		52,331	371,212
Proceeds from disposal of financial assets		1,478,389	-
Interest received	4	14,407	66,937
Net cash from/(used in) investing activities		277,427	(394,351)
Cash flows from financing activities			
Dividends paid		(27,239,449)	(1,142)
Proceeds from borrowings		30,195,200	1,026,538
Repayment of borrowings		(26,771,791)	(41,169,772)
Net cash used in financing activities		(23,816,040)	(40,144,376)
Increase/(decrease) in cash and cash equivalents		6,251,548	(2,230,920)
Movement in cash and cash equivalents			
At start of year		12,530,696	14,761,616
Increase/(decrease)		6,251,548	(2,230,920)
At end of year	18	18,782,244	12,530,696

The notes on pages 15 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 6.

COMPANY STATEMENT OF CASH FLOWS

	Notes	2021 Shs	2020 Shs
Cash flows from operating activities			
Profit before tax		15,643,735	36,635,881
Adjustments for:			
Depreciation of vehicles and equipment	12	5,999,276	7,411,600
Amortisation of intangible asset	13	23,796	33,994
Profit on disposal of vehicles and equipment		(25,858)	(304,480)
Changes in working capital:			
- trade and other receivables		(15,664,930)	1,262,441
- trade and other payables		34,271,754	(5,495,460)
Tax paid		(10,410,095)	-
Net cash from operating activities		<u>29,837,678</u>	<u>39,543,976</u>
Cash flows from investing activities			
Cash paid for purchase of vehicles and equipment	12	(1,267,700)	(832,500)
Proceeds from disposal of vehicles and equipment		52,331	371,212
Net cash used in investing activities		<u>(1,215,369)</u>	<u>(461,288)</u>
Cash flows from financing activities			
Dividends paid		(27,239,449)	-
Proceeds from borrowings		30,195,200	-
Payments of borrowings		(25,745,253)	(41,169,772)
Net cash used in financing activities		<u>(22,789,502)</u>	<u>(41,169,772)</u>
Increase/(decrease) in cash and cash equivalents		<u>5,832,807</u>	<u>(2,087,084)</u>
Movement in cash and cash equivalents			
At start of year		12,180,087	14,267,171
Increase/(decrease)		5,832,807	(2,087,084)
At end of year	18	<u>18,012,894</u>	<u>12,180,087</u>

The notes on pages 15 to 26 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 6.

NOTES: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. General Information

Ecu Worldwide (Kenya) Limited is a limited liability company incorporated and domiciled in Kenya. The address of its registered office and principal place of business is in Mombasa, Kenya. Their principal activity is that of provision of freight shipping and air services, clearing, forwarding and warehousing agents. The principal activity of the subsidiary company, Ecu Shipping Logistics (K) Limited, is lodging of import manifests.

2. a) Basis of preparation

The consolidated financial statements of Ecu Worldwide (Kenya) Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board and are consistent with the previous period.

The financial statements have been prepared under the historical cost convention except where otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

These consolidated financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss represents the profit and loss account referred to in the Act. The consolidated and company statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the group and company is set out in the report of the directors and in the consolidated and company statement of profit or loss. The financial position of the group and company is set out in the consolidated and company statement of financial position. Disclosures in respect of principal risks and uncertainties are included within the report of the directors.

Based on the financial performance and position of the group and company and its risk management policies, the directors are of the opinion that the group and company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Key sources of estimation uncertainty and judgements

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Impairment of trade receivables** - the company reviews their portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cashflows expected.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Key sources of estimation uncertainty (continued)

Local receivables and other receivables are provisioned based on the below:

- 90 - 180 days 10% provision
- 180 - 365 days 50% provision
- > 365 days 100% provision
- Intercompany - nil provision

Doubtful debts that are later confirmed to be uncollectible are written off as bad debts.

- Useful lives, depreciation methods and residual values of vehicle and equipment

Management reviews the useful lives, depreciation methods and residual values of the items of vehicles and equipment on a regular basis. During the financial year, the management determined no significant changes in the useful lives and residual values. The carrying amounts of vehicles and equipment are disclosed in note 12.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services in the ordinary course of the company's activities. Revenue is shown net of sales/value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group and company recognises revenue when: the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

- i) Sales of services are recognised upon performance of the services rendered by reference to the stage of completion of the service contract; and
- ii) Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.
- iii) Rental income is accrued by reference to time on a straight line basis with reference to the relevant agreements

d) Investment in subsidiaries/Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the company; has power over the investee; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have a majority of the voting rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances such as where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

When the company has assessed and has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and from the date the company gains control until the date the company ceases to control the subsidiary.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Investment in subsidiaries/Consolidation (continued)

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

- Changes in ownership interests in subsidiaries without change of control

Intra-group balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary adjustments are made to financial statements of the subsidiaries to bring their accounting policies into line with the groups accounting policy.

Investment in subsidiary is held at cost less any permanent diminution in value.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

e) Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of eight years.

f) Vehicles and equipment

All vehicles and equipment are initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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 company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance basis on pro-rata, to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Motor vehicles	25
Computers and electronic equipment	30
Furniture, fittings and equipment	12.5
Specialised racks and shelves	21.5

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Vehicles and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An item of vehicle and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of vehicle and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank.

h) Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

i) Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

j) Accounting for leases

The group as a lessee

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

The group as a lessor

The group leases out (as an operating lease) assets that it owns. The asset is included in the statement of financial position under plant and equipment. The group also sub-leases a property that it leases from a third party landlord. Rental income is recognised in accordance with the rental income accounting policy.

k) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (functional currency) at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Kenya Shillings (functional currency) at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

NOTES (CONTINUED)

l) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity.

Current tax

The current income tax charge/credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Offsetting

An entity shall offset current tax assets and current tax liabilities, or offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off the amounts and the entity can demonstrate without undue cost or effort that it plans either to settle on a net basis or to realise the asset and settle the liability simultaneously.

m) Dividends

Proposed dividends are disclosed as a separate component of equity until declared.

Dividends are recognised as liabilities in the period in which they are approved by the company's shareholders.

n) Employee benefit

Retirement benefit obligations

The company operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The company's contributions to the defined contribution staff retirement benefit scheme are charged to profit or loss in the year to which they relate. The company has no further payment obligations once the contributions have been paid. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

The company and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

Accrued leave

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

o) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

p) Share capital

Ordinary shares are classified as equity.

NOTES (CONTINUED)

	Group		Company	
3. Revenue	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Exports	63,265,376	64,039,315	63,265,376	64,039,315
Imports	424,929,873	282,180,671	424,929,873	282,180,671
	<u>488,195,249</u>	<u>346,219,986</u>	<u>488,195,249</u>	<u>346,219,986</u>

4. Other income

Interest income	14,407	66,937	-	-
Profit on disposal of vehicles and equipment	25,858	304,480	25,858	304,480
Rental income	3,970,260	4,660,900	3,970,260	4,660,900
Miscellaneous Income	(214,485)	475,451	(214,485)	475,451
Dividend income	-	-	-	1,140,598
	<u>3,796,040</u>	<u>5,507,768</u>	<u>3,781,633</u>	<u>6,581,429</u>

5. Operating profit

The following items have been charged in arriving at operating profit:

Depreciation of vehicles and equipment (Note 12)	5,999,276	7,411,600	5,999,276	7,411,600
Amortisation of intangible asset (Note 13)	23,796	33,994	23,796	33,994
Operating lease rentals	8,690,264	8,152,370	8,690,264	8,152,370
Auditors' remuneration	1,060,000	1,079,478	855,000	872,234
Directors' remuneration and bonus	13,253,640	17,606,880	13,253,640	17,606,880
Trade receivables - Impairment (Note 17)	11,976,410	11,976,410	11,976,410	11,976,410
Staff costs (Note 6)	<u>57,146,326</u>	<u>40,267,108</u>	<u>57,146,326</u>	<u>40,267,108</u>

6. Staff costs

Salaries and wages	38,931,677	30,045,882	38,931,677	30,045,882
Staff training and welfare	7,330,485	6,147,588	7,330,485	6,147,588
Commissions and incentives	2,790,567	2,008,413	2,790,567	2,008,413
Severance Pay	3,158,630	712,512	3,158,630	712,512
Training levy	16,750	17,050	16,750	17,050
Pension cost:				
- Defined contribution scheme	4,851,217	1,267,063	4,851,217	1,267,063
- National Social Security Fund	<u>67,000</u>	<u>68,600</u>	<u>67,000</u>	<u>68,600</u>
	<u>57,146,326</u>	<u>40,267,108</u>	<u>57,146,326</u>	<u>40,267,108</u>

The average number of persons employed during the year were:

	2021 No	2020 No
Production	16	16
Sales	6	6
Management and administration	<u>6</u>	<u>7</u>
Total	<u>28</u>	<u>29</u>

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
7. Finance cost/(income)				
Net foreign exchange loss/(gain)	1,198,895	(522,102)	1,198,895	(522,102)
	<u>1,198,895</u>	<u>(522,102)</u>	<u>1,198,895</u>	<u>(522,102)</u>

8. Tax

Current tax	5,894,016	10,423,055	5,889,694	10,399,524
Deferred tax charge/(credit) (Note 14)	105,785	(693,463)	61,752	(688,292)
Underprovision of deferred tax in prior years	-	1,921,335	-	1,921,335
Tax charge	<u>5,999,801</u>	<u>11,650,927</u>	<u>5,951,446</u>	<u>11,632,567</u>

The tax on the group's/company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Profit before tax	15,451,027	35,572,162	15,643,735	36,635,881
Tax calculated at a tax rate of 30% (2020: 25%)	4,635,308	8,893,041	4,693,120	9,158,970
Tax effect of expenses not deductible for tax purposes				
- income not subject to tax	(2,161)	-	-	(285,150)
- expenses not deductible for tax purposes	1,366,655	952,128	1,258,326	952,127
- deferred tax asset not recognised	-	-	-	-
- change in tax rate on deferred tax movement	-	(115,577)	-	(114,715)
- underprovision of deferred tax in prior years	-	1,921,335	-	1,921,335
Tax charge	<u>5,999,801</u>	<u>11,650,927</u>	<u>5,951,446</u>	<u>11,632,567</u>

9. Dividends

The directors propose a final dividend of Shs 18,750 per share (2020: Shs 25,000) amounting to a total of Shs 15,000,000 (2020: Shs 20,000,000).

During the year, an interim dividend of Shs 11,311.61 (2020: Shs nil) per share amounting to a total of Shs 9,049,290 (2020: Shs nil) was paid. The total dividend for the year is therefore Shs 30,061.61 per share (2020: Shs 25,000 per share) amounting to a total of Shs 24,049,290 (2020: Shs 20,000,000).

In accordance with the Kenyan Companies Act, 2015, these financial statements reflect this dividend payable which is accounted for in the shareholders' funds as an appropriation of retained profits in the year ended 31 December 2020.

Payment of dividend is subject to a withholding tax at the rate of 5% for residents and 15% for non-residents. Payment of dividends to shares held by resident limited entities in excess of 12.5% of the shareholding are exempt from withholding tax.

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
10. Share capital				
Authorised:				
1,500 (2020: 1,500) ordinary shares of Shs 5,000 each	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>
Issued and fully paid:				
800 (2020: 800) ordinary shares of Shs 5,000 each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

NOTES (CONTINUED)

	Group			
11. Borrowings	2021 Shs	2020 Shs	2021 Shs	2020 Shs
The borrowings are made up as follows:				
Non-current				
Borrowings from parent	-	4,039,290	-	4,039,290
Current				
Borrowings from parent	14,381,480	4,693,348	14,381,480	4,693,347
Total borrowings (Note 20 (vi))	<u>14,381,480</u>	<u>8,732,638</u>	<u>14,381,480</u>	<u>8,732,637</u>

All the borrowings from related party are unsecured and bear an interest rate of 2% per annum.

The non-current borrowing is not repayable within the next 12 months of the reporting date.

12. Vehicles and equipment - Group and Company

The Group and the Company

	Motor vehicles Shs	Computers and electronic equipment Shs	Furniture, fittings and equipment Shs	Specialised Racks and Shelves Shs	Total Shs
Cost					
At start of year	5,338,532	14,085,118	13,917,733	32,090,962	65,432,345
Additions	-	1,182,200	85,500	-	1,267,700
Disposals	-	(376,905)	-	-	(376,905)
At end of year	<u>5,338,532</u>	<u>14,890,413</u>	<u>14,003,233</u>	<u>32,090,962</u>	<u>66,323,140</u>
Accumulated depreciation					
At start of year	3,590,592	12,535,160	10,094,410	11,435,686	37,655,848
Disposals	-	(350,432)	-	-	(350,432)
Charge for the year	436,985	630,926	480,587	4,450,778	5,999,276
At end of year	<u>4,027,577</u>	<u>12,815,654</u>	<u>10,574,997</u>	<u>15,886,464</u>	<u>43,304,692</u>
Net carrying amount					
As at 31 December 2021	<u>1,310,955</u>	<u>2,074,759</u>	<u>3,428,236</u>	<u>16,204,498</u>	<u>23,018,448</u>
As at 31 December 2020	<u>1,747,940</u>	<u>1,549,958</u>	<u>3,823,323</u>	<u>20,655,276</u>	<u>27,776,497</u>

13. Intangible assets	Group and Company	
	2021 Shs	2020 Shs
Cost		
At start and end of year	<u>185,000</u>	<u>185,000</u>
Accumulated amortization		
At start of year	105,682	71,688
Charge for the year	23,796	33,994
At end of year	<u>129,478</u>	<u>105,682</u>
Net carrying amount	<u>55,522</u>	<u>79,318</u>

NOTES (CONTINUED)

14. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2020: 25%). The movement on the deferred tax account is as follows:

	Group		Company	
	Shs 2021	Shs 2020	Shs 2021	Shs 2020
At start of year	(5,621,098)	(6,848,969)	(5,577,065)	(6,810,108)
Charge to profit or loss (Note 8)	105,785	(693,464)	61,752	(688,292)
Underprovision in prior year	-	1,921,335	-	1,921,335
At end of year	(5,515,313)	(5,621,098)	(5,515,313)	(5,577,065)

Deferred tax (asset)/liability, deferred tax charge/(credit) to profit or loss are attributable to the following items:

	At start of year Shs	Credit/(charge) to profit or loss Shs	At end of year Shs
The Group			
Deferred tax liability			
Vehicles and equipments	(646,547)	(641,542)	(1,288,089)
Accrued interest	2,161	(2,161)	-
Overprovision in prior year	(475,179)	-	(475,179)
	<u>(1,119,565)</u>	<u>(643,703)</u>	<u>(1,763,268)</u>
Deferred tax assets			
Tax losses	(555,643)	(62,135)	(617,778)
Other timing differences	(3,945,890)	703,294	(3,242,596)
	<u>(4,501,533)</u>	<u>641,159</u>	<u>(3,860,374)</u>
Deferred tax asset derecognised	-	108,329	108,329
Net deferred tax asset	(5,621,098)	105,785	(5,515,313)
The Company			
Deferred tax liability			
Vehicles and equipment	(1,121,728)	(641,542)	(1,763,270)
Deferred tax assets			
Provisions	(3,592,923)	703,294	(2,889,629)
Unrealised exchange differences	(862,414)	-	(862,414)
	<u>(4,455,337)</u>	<u>703,294</u>	<u>(3,752,043)</u>
Net deferred tax asset	(5,577,065)	61,752	(5,515,313)

15. Investment in subsidiary

	2021 Shs	2020 Shs
999 (2020: 999) ordinary shares of Ecu Shipping Logistics (K) Limited of Shs 1,000 each	<u>999,000</u>	<u>999,000</u>

The subsidiary is incorporated in Kenya. The proportion of the voting rights in the subsidiary undertaking held directly by the parent company does not differ from the proportion of ordinary shares held.

NOTES (CONTINUED)

16. Financial assets	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Treasury bill	-	1,478,389	-	-

Treasury bills with a total face value of Shs 1,500,000 were purchased by the subsidiary from Stanbic Bank Kenya Limited, through the tenders dated 16 September 2020. The investment matures within 6 months from the date acquired.

17. Trade and other receivables	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Trade receivables	42,294,652	40,714,541	42,294,652	40,714,541
Less: impairment provisions	(11,976,410)	(11,976,410)	(11,976,410)	(11,976,410)
Net trade receivables	30,318,242	28,738,131	30,318,242	28,738,131
Prepayments and other deposits	8,247,658	7,124,520	8,247,658	7,122,960
Other receivables	9,010,571	9,253,879	9,010,571	9,246,675
Container deposits	2,539,611	1,958,336	2,539,611	1,958,336
Loan to related party (Note 20 (vi))	-	-	-	1,026,538
Receivable from related parties (Note 20 (iv))	17,122,782	3,479,294	17,122,782	3,481,294
	<u>67,238,864</u>	<u>50,554,160</u>	<u>67,238,864</u>	<u>51,573,934</u>

Movement in impairment provisions

At start of year	11,976,410	14,083,497	11,976,410	14,083,497
Additions	-	563,435	-	563,435
Write offs	-	(2,670,522)	-	(2,670,522)
At end of year	<u>11,976,410</u>	<u>11,976,410</u>	<u>11,976,410</u>	<u>11,976,410</u>

18. Cash and cash equivalents

Cash at bank and in hand	<u>18,782,244</u>	<u>12,530,696</u>	<u>18,012,894</u>	<u>12,180,087</u>
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For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the above balances.

19. Trade and other payables	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Trade payables	14,173,670	6,217,886	13,846,930	6,217,886
Accruals and deferred income	57,188,894	35,522,040	57,160,634	35,361,874
Payable to related parties (Note 20 (iv))	9,480,871	4,642,921	9,486,871	4,642,921
	<u>80,843,435</u>	<u>46,382,847</u>	<u>80,494,435</u>	<u>46,222,681</u>

NOTES (CONTINUED)

20. Related party transactions and balances

The company is controlled by Ecuhold NV incorporated in Belgium, which owns 100% of the company's shares. The ultimate parent company is AllCargo Global Logistics Limited (incorporated in India).

The following transactions were carried out with related parties which are related through common directorships.

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
i) Provision of services				
Other related parties	<u>142,190,689</u>	<u>3,479,294</u>	<u>141,310,689</u>	<u>3,481,294</u>
ii) Purchase of services				
Other related parties	<u>140,713,293</u>	<u>4,642,919</u>	<u>140,156,493</u>	<u>4,642,919</u>
iii) Directors' benefits and other remuneration				
- Salaries	22,089,400	17,606,880	22,089,400	17,606,880
- Benefits	<u>2,968,940</u>	<u>3,109,384</u>	<u>2,968,940</u>	<u>3,109,384</u>
	<u>25,058,340</u>	<u>20,716,264</u>	<u>25,058,340</u>	<u>20,716,264</u>
iv) Outstanding balances arising from trading transactions				
Receivable from related parties (Note 17)	<u>17,122,782</u>	<u>3,479,294</u>	<u>17,122,782</u>	<u>3,481,294</u>
Payable to related parties (Note 19)	<u>9,480,871</u>	<u>4,642,921</u>	<u>9,486,871</u>	<u>4,642,921</u>
Receivables from related parties can be analysed as follows:				
Subsidiary	-	-	2,000	2,000
Other related parties	<u>17,122,782</u>	<u>3,479,294</u>	<u>17,120,782</u>	<u>3,479,294</u>
	<u>17,122,782</u>	<u>3,479,294</u>	<u>17,122,782</u>	<u>3,481,294</u>
Payable to related parties can be analysed as follows:				
Subsidiaries	-	-	-	-
Other related parties	<u>9,480,871</u>	<u>4,642,921</u>	<u>4,642,921</u>	<u>4,642,921</u>
	<u>9,480,871</u>	<u>4,642,921</u>	<u>4,642,921</u>	<u>4,642,921</u>

The receivables from/payables to related parties are interest free, unsecured and have no specific dates of repayment.

NOTES (CONTINUED)

20. Related party transactions and balances (continued)

	Group		Company	
v) Loan from parent company	2021 Shs	2020 Shs	2021 Shs	2020 Shs
At start of year	-	-	8,732,637	49,907,672
Advances	-	-	31,394,095	-
Repayments	-	-	(25,745,252)	(41,175,035)
At end of year (Note 11)	-	-	14,381,480	8,732,637
vi) Loan to subsidiary				
Advances (Note 17)	-	-	-	1,026,538

The advances to/from related parties are subject to interest at 2% p.a have no specific dates of repayment and are unsecured.

21. Contingent liabilities

The company is a complainant in a legal matter for outstanding debt on account of services rendered to the customer valued at Shs. 11,257,788. Based on information currently available, the directors believe that there is a fair chance of success based on jurisdiction clauses contained in the charter party agreements.

22. Commitments

Operating lease commitments - as a lessee

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Company	
	2021 Shs	2020 Shs	2021 Shs	2020 Shs
Not later than 1 year	2,412,000	2,646,314	2,412,000	2,646,314
Later than 1 year and not later than 5 years	11,184,661	-	11,184,661	-
	2,944,095	-	2,944,095	-
	16,540,756	2,646,314	16,540,756	2,646,314

The group and company leases various properties under non-cancellable operating lease agreements. The lease terms are between 1 to 5 years and these are generally renewable at the end of the tenure of the lease.

23. Incorporation

Ecu Worldwide (Kenya) Limited is incorporated in Kenya under the Companies Act as a private limited liability company and is domiciled in Kenya. The parent company is Ecuhold NV which is incorporated in Belgium while the ultimate holding company is AllCargo Global Logistics Limited which is incorporated in India.

24. Presentation currency

These financial statements are presented in Kenya Shillings (Shs).

CONSOLIDATED SCHEDULE OF EXPENDITURE

1. ADMINISTRATIVE EXPENSES

	2021 Shs	2020 Shs
Employment:		
Salaries and wages	38,931,677	30,045,882
Staff training and welfare	7,330,485	6,147,588
Pension scheme contribution - defined	4,851,217	1,267,063
Severance pay	67,000	68,600
NSSF contributions	3,158,630	712,512
Commissions and incentives	2,790,567	2,008,413
Training levy	16,750	17,050
Total employment costs	57,146,326	40,267,108
Other administrative expenses:		
Directors' remuneration	13,253,640	10,574,823
Internet, postages and telephone expenses	2,829,903	2,754,672
Entertainment	10,718	21,975
Travelling	1,148,279	1,684,434
Vehicle running	1,824,205	1,149,724
Printing and stationery	1,345,937	1,079,849
Audit fees	1,060,000	1,079,478
Legal and professional fees	2,212,355	1,763,968
Management expenses	10,811,921	10,211,918
Advertising expenses	51,300	72,000
Subscriptions	154,298	139,751
Bank charges	1,356,397	702,173
Office expenses	545,680	665,805
Computer expense	5,512,146	293,973
Miscellaneous expense	53,900	64,007
Fines and penalties	352,499	642,899
Bad debts written off	2,447,909	2,401,330
Decrease in impairment provision - trade receivables	-	(2,670,522)
Total other administration expenses	44,971,087	32,632,257
Total administrative expenses	102,117,413	72,899,365

2. OTHER OPERATING EXPENSES

Establishment:		
Rent	8,690,264	8,152,370
Electricity and water	1,017,406	826,575
Repairs and maintenance	1,033,740	875,070
Insurance	1,309,893	1,202,693
Licences	677,703	644,622
Security expenses	221,940	221,940
Net foreign exchange (gain)/losses	(475,555)	4,794,642
Depreciation of plant and equipment	5,999,276	7,411,600
Amortisation of intangible assets	23,796	33,994
Total other operating expenses	18,498,463	24,163,506

COMPANY SCHEDULE OF EXPENDITURE

1. ADMINISTRATIVE EXPENSES	2021 Shs	2020 Shs
Employment:		
Salaries and wages	38,931,677	30,045,882
Staff training and welfare	7,330,485	6,147,588
Pension scheme contribution - defined	4,851,217	1,267,063
NSSF contributions	67,000	68,600
Severance Pay	3,158,630	712,512
Commissions and incentives	2,790,567	2,008,413
Training levy	16,750	17,050
Total employment costs	57,146,326	40,267,108
Other administrative expenses:		
Directors' remuneration	13,253,640	10,574,823
Internet, postages and telephone expenses	2,230,746	2,143,049
Entertainment	10,718	21,975
Travelling	1,148,279	1,684,434
Vehicle running expenses	1,824,205	1,149,724
Printing and stationery	1,302,581	1,059,239
Audit fees	855,000	872,234
Legal and professional fees	2,047,355	1,600,610
Management expenses	10,804,721	10,211,918
Advertising expenses	51,300	72,000
Subscriptions	154,298	139,751
Bank charges	1,351,645	688,875
Office expenses	545,680	665,805
Computer expense	5,512,146	293,973
Miscellaneous expense	53,900	64,007
Fines and penalties	352,499	642,899
Bad debts written off	2,447,909	2,401,330
Decrease in impairment provision - trade receivables	-	(2,670,522)
Total other administration expenses	43,946,622	31,616,124
Total administrative expenses	101,092,948	71,883,232
2. OTHER OPERATING EXPENSES		
Establishment:		
Rent	8,690,264	8,152,370
Electricity and water	1,017,406	826,575
Repairs and maintenance	1,033,740	875,070
Insurance	1,309,893	1,202,693
Licences	615,053	582,697
Security expenses	221,940	221,940
Net foreign exchange (gain)/losses	(475,555)	4,794,642
Depreciation of plant and equipment	5,999,276	7,411,600
Amortisation of intangible assets	23,796	33,994
Total other operating expenses	18,435,813	24,101,581

SCHEDULE OF NET RENTAL INCOME

	2021 Shs	2020 Shs
Gross rental income	<u>20,898,802</u>	<u>21,413,407</u>
Less:		
Electricity and water	158,754	132,496
Rental expenses	2,867,588	2,453,886
Internet	58,087	136,230
Security, alarms and fire services	1,870,391	2,227,782
Employment costs - Casuals	874,612	839,997
Other expenses	49,301	87,143
Provision for profit share to parent	1,222,652	2,559,154
Interest on loan attributable to rental income	413,639	651,333
Finance Managers salary directly attributable to warehouse operations	577,758	621,734
Directors salary directly attributable to warehouse operations	<u>8,835,760</u>	<u>7,042,752</u>
	<u>16,928,542</u>	<u>16,752,507</u>
Net rental income	<u>3,970,260</u>	<u>4,660,900</u>
For tax purposes:		
Add:		
Provision for profit share	<u>1,222,652</u>	<u>2,559,154</u>
	<u><u>5,192,911</u></u>	<u><u>7,220,054</u></u>