



**ECU WORLDWIDE (KENYA) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

CONTENTS	PAGE
Company information	1
Report of the directors	2 - 3
Statement of directors' responsibilities	4
Report of the independent auditor	5 - 7
Financial statements:	
Consolidated statement of profit or loss	8
Company statement of profit or loss	9
Consolidated statement of financial position	10
Company statement of financial position	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14
Company statement of cash flows	15
Notes	16 - 28
The following pages do not form an integral part of these financial statements	
Consolidated schedule of expenditure	29
Company schedule of expenditure	30
Schedule of net rental income	31

COMPANY INFORMATION

BOARD OF DIRECTORS	: Saleem Mohamed Nazir (British) : 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 2023, 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 2023, the turnover of the company increased from Shs 697,003,012 in 2022 to Shs 870,550,100 in 2023. This increase was mainly attributed to new lines in the current year resulting to surge in revenue and the effects of the weakening of the local currency. The profit before tax increased from Shs 36,570,595 in 2022 to Shs 59,616,631 in 2023 primarily due to the effects of increase in revenue.

Key performance indicators	Group		Company	
	2023	2022	2023	2022
Turnover (Shs)	870,550,100	697,003,012	870,550,100	697,003,012
Gross profit (Shs)	259,720,004	183,279,215	258,632,004	182,311,215
Gross profit Margin (%)	30%	26%	30%	26%
Profit for the year (Shs)	41,309,965	25,053,983	41,305,044	25,165,510
Net assets (Shs)	45,687,848	30,377,883	45,975,998	30,670,954

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall demand of the group's/company's services. The group's/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.

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 statement of financial position 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. The group/company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

.....continued on page 3

REPORT OF THE DIRECTORS

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 group/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 51,625 per share (2022: Shs 32,500 per share) amounting to a total of Shs 41,300,000 (2022: Shs. 26,000,000).

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

15/07/ 2024

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 keeps 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 International Financial Reporting Standard for Small and Medium-sized Entities 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 confirm that the financial statements give a true and fair view of the financial position of the group and the company as at 31 December 2023 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.

Having made an assessment of the group and 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 group and the company's ability to continue as a going concern for at least the next twelve months from the date of this statement.

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 15/07/ 2024 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 8 to 28 which comprise the consolidated and company statements of financial position as at 31 December 2023, 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 2023, 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 requirements of 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' International 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 report of the directors, the statement of directors' responsibilities 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.

.....continued on page 6



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

Responsibilities of directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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.

The directors/those charged with governance are responsible for overseeing the group's financial reporting process.

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 International Standards on Auditing 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 International Standards on Auditing, 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.

.....continued on page 7



**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 (continued)

- 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, Practicing Certificate No. 2305.

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

22-7- 2024

0144/2024

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Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2023 Shs	2022 Shs
Revenue	3	870,550,100	697,003,012
Cost of sales		<u>(610,830,096)</u>	<u>(513,723,797)</u>
Gross profit		259,720,004	183,279,215
Other income	4	7,498,083	4,817,115
Administrative expenses		(182,187,523)	(132,053,709)
Other operating expenses		<u>(25,210,144)</u>	<u>(18,921,103)</u>
Operating profit		59,820,420	37,121,518
Finance cost	7	<u>(196,759)</u>	<u>(662,450)</u>
Profit before tax		59,623,661	36,459,068
Tax charge	8	<u>(18,313,696)</u>	<u>(11,405,085)</u>
Profit for the year		<u>41,309,965</u>	<u>25,053,983</u>
Attributable to:			
Owners of the company		41,309,916	25,055,098
Non-controlling interests		<u>49</u>	<u>(1,115)</u>
		<u>41,309,965</u>	<u>25,053,983</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 7.

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

COMPANY STATEMENT OF PROFIT OR LOSS

	Notes	2023 Shs	2022 Shs
Revenue	3	870,550,100	697,003,012
Cost of sales		<u>(611,918,096)</u>	<u>(514,691,797)</u>
Gross profit		258,632,004	182,311,215
Other income	4	7,498,083	4,817,115
Administrative expenses		(181,171,721)	(131,037,113)
Other operating expenses		<u>(25,144,976)</u>	<u>(18,858,172)</u>
Operating profit		59,813,390	37,233,045
Finance cost	7	<u>(196,759)</u>	<u>(662,450)</u>
Profit before tax		59,616,631	36,570,595
Tax charge	8	<u>(18,311,587)</u>	<u>(11,405,085)</u>
Profit for the year		<u><u>41,305,044</u></u>	<u><u>25,165,510</u></u>

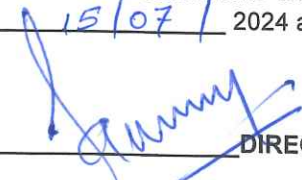
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Report of the independent auditor - pages 5 - 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Notes	2023 Shs	2022 Shs
CAPITAL EMPLOYED			
Share capital	10	4,000,000	4,000,000
Proposed dividends		41,300,000	26,000,000
Retained earnings		389,125	379,209
Equity attributable to owners of the company		45,689,125	30,379,209
Non-controlling interests		(1,277)	(1,326)
		45,687,848	30,377,883
REPRESENTED BY			
Non-current assets			
Vehicles and equipment	11	16,537,374	18,495,903
Intangible asset	12	24,278	38,865
Deferred tax	13	11,566,268	7,933,636
		28,127,920	26,468,404
Current assets			
Trade and other receivables	15	200,849,934	123,086,811
Cash and cash equivalents	16	57,114,180	25,113,515
		257,964,114	148,200,326
Current liabilities			
Trade and other payables	17	234,906,162	136,612,457
Tax payables		5,498,024	7,678,390
		240,404,186	144,290,847
Net current assets		17,559,929	3,909,479
		45,687,848	30,377,883

The financial statements on pages 8 to 28 were approved and authorised for issue by the Board of Directors on 15/07/2024 and were signed on its behalf by:



 DIRECTOR



 DIRECTOR

The notes on pages 16 to 28 form an integral part of these financial statements.

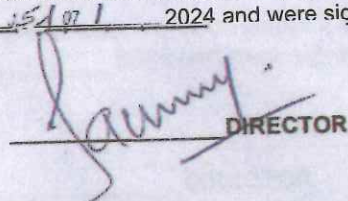
Report of the independent auditor - pages 5 - 7.

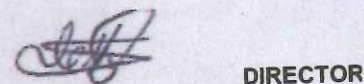
Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2023 Shs	2022 Shs
CAPITAL EMPLOYED			
Share capital	10	4,000,000	4,000,000
Proposed dividends		41,300,000	26,000,000
Retained earnings		675,998	670,954
Equity attributable to owners of the company		<u>45,975,998</u>	<u>30,670,954</u>
REPRESENTED BY			
Non-current assets			
Vehicles and equipment	11	16,537,374	18,495,903
Intangible asset	12	24,278	38,865
Deferred tax	13	11,566,268	7,933,636
Investment in subsidiary	14	999,000	999,000
		<u>29,126,920</u>	<u>27,467,404</u>
Current assets			
Trade and other receivables	15	200,699,534	123,082,011
Cash and cash equivalents	16	56,666,897	24,504,092
		<u>257,366,431</u>	<u>147,586,103</u>
Current liabilities			
Trade and other payables	17	234,515,732	136,255,457
Tax payables		6,001,621	8,127,096
		<u>240,517,353</u>	<u>144,382,553</u>
Net current assets		<u>16,849,078</u>	<u>3,203,550</u>
		<u>45,975,998</u>	<u>30,670,954</u>

The financial statements on pages 8 to 28 were approved and authorised for issue by the Board of Directors on 15/01/2024 and were signed on its behalf by:


DIRECTOR


DIRECTOR

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 7.

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total equity attributable to the owners Shs	Non-controlling interests Shs	Total Shs
Year ended 31 December 2023						
As start of year	4,000,000	379,209	26,000,000	30,379,209	(1,326)	30,377,883
Profit for the year	-	41,309,916	-	41,309,916	49	41,309,965
Dividends: Final for 2022 (paid)	-	-	(26,000,000)	(26,000,000)	-	(26,000,000)
Dividends: Final for 2023 (proposed)	-	(41,300,000)	41,300,000	-	-	-
At end of year	<u>4,000,000</u>	<u>389,125</u>	<u>41,300,000</u>	<u>45,689,125</u>	<u>(1,277)</u>	<u>45,687,848</u>
Year ended 31 December 2022						
As start of year	4,000,000	1,324,111	15,000,000	20,324,111	(211)	20,323,900
Profit for the year	-	25,055,098	-	25,055,098	(1,115)	25,053,983
Dividends: Final for 2021 (paid)	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Dividends: Final for 2022 (proposed)	-	(26,000,000)	26,000,000	-	-	-
At end of year	<u>4,000,000</u>	<u>379,209</u>	<u>26,000,000</u>	<u>30,379,209</u>	<u>(1,326)</u>	<u>30,377,883</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 7.

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total Shs
Year ended 31 December 2023				
As start of year	4,000,000	670,954	26,000,000	30,670,954
Profit for the year	-	41,305,044	-	41,305,044
Dividends: Final for 2022 (paid)	-	-	(26,000,000)	(26,000,000)
Dividends: Final for 2023 (proposed)	-	(41,300,000)	41,300,000	-
At end of year	<u>4,000,000</u>	<u>675,998</u>	<u>41,300,000</u>	<u>45,975,998</u>
Year ended 31 December 2022				
As start of year	4,000,000	1,505,444	15,000,000	20,505,444
Profit for the year	-	25,165,510	-	25,165,510
Dividends: Final for 2021 (paid)	-	-	(15,000,000)	(15,000,000)
Dividends: Final for 2022 (proposed)	-	(26,000,000)	26,000,000	-
At end of year	<u>4,000,000</u>	<u>670,954</u>	<u>26,000,000</u>	<u>30,670,954</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 7.

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2023 Shs	2022 Shs
Cash flows from operating activities			
Profit before tax		59,623,661	36,459,068
Adjustments for:			
Depreciation of vehicles and equipment	11	5,674,076	4,934,917
Amortisation of intangible asset	12	14,587	16,657
Loss on disposal of vehicles and equipment		246,592	1,868
Cash flows from operating activities before changes in working capital		65,558,916	41,412,510
Changes in working capital:			
- trade and other receivables		(77,763,124)	(55,847,947)
- trade and other payables		98,293,705	55,769,022
Cash from operations		86,089,497	41,333,585
Tax paid		(24,126,693)	(5,206,593)
Net cash from operating activities		61,962,804	36,126,992
Cash flows from investing activities			
Cash paid for purchase of vehicles and equipment	11	(4,288,000)	(419,741)
Proceeds from disposal of vehicles and equipment		325,862	5,500
Net cash used in investing activities		(3,962,139)	(414,241)
Cash flows from financing activities			
Dividends paid		(26,000,000)	(15,000,000)
Repayment of borrowings		-	(14,381,480)
Net cash used in financing activities		(26,000,000)	(29,381,480)
Increase in cash and cash equivalents		32,000,665	6,331,271
Movement in cash and cash equivalents			
At start of year		25,113,515	18,782,244
Increase		32,000,665	6,331,271
At end of year	16	57,114,180	25,113,515

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 7.

COMPANY STATEMENT OF CASH FLOWS

	Notes	2023 Shs	2022 Shs
Cash flows from operating activities			
Profit before tax		59,616,631	36,570,595
Adjustments for:			
Depreciation of vehicles and equipment	11	5,674,076	4,934,917
Amortisation of intangible asset	12	14,587	16,657
Loss on disposal of vehicles and equipment		246,592	1,868
Cash flows from operating activities before changes in working capital changes in working capital		65,551,885	41,524,037
Changes in working capital:			
- trade and other receivables		(77,617,523)	(55,843,147)
- trade and other payables		98,260,275	55,761,022
Cash from operations		86,194,637	41,441,912
Tax paid		(24,069,693)	(5,154,993)
Net cash from operating activities		62,124,944	36,286,919
Cash flows from investing activities			
Cash paid for purchase of vehicles and equipment	11	(4,288,000)	(419,741)
Proceeds from disposal of vehicles and equipment		325,862	5,500
Net cash used in investing activities		(3,962,139)	(414,241)
Cash flows from financing activities			
Dividends paid		(26,000,000)	(15,000,000)
Payments of borrowings		-	(14,381,480)
Net cash used in financing activities		(26,000,000)	(29,381,480)
Increase in cash and cash equivalents		32,162,805	6,491,198
Movement in cash and cash equivalents			
At start of year		24,504,092	18,012,894
Increase		32,162,805	6,491,198
At end of year	16	56,666,897	24,504,092

The notes on pages 16 to 28 form an integral part of these financial statements.

Report of the independent auditor - pages 5 - 7.

NOTES:

1. General Information

Ecu Worldwide (Kenya) Limited ('the company') is incorporated under the Kenyan Companies Act, 2015 as a private company limited by shares. 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) 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.

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.

NOTES (CONTINUED)

2) Significant Accounting Policies (continued)

b) Key sources of estimation uncertainty and judgements (continued)

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.

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

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. 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 rights 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 the power of 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 where including 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.

NOTES (CONTINUED)

2) Significant Accounting Policies (continued)

d) Investment in subsidiaries/Consolidation (continued)

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. Assets, liabilities, income and expenses liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the group and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

In the company's financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any.

- Changes in ownership interests in subsidiaries without change of control

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. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

NOTES: (CONTINUED)

2) Significant Accounting Policies (continued)

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

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.

NOTES (CONTINUED)

2) Significant Accounting Policies (continued)

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 reporting 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.

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. In this case, the tax is also recognised in other comprehensive income or 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.

NOTES (CONTINUED)

2) Significant Accounting Policies (continued)

l) Taxation (continued)

Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of VAT except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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)

3. Revenue	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Exports	93,202,387	101,317,918	93,202,387	101,317,918
Imports	777,347,713	595,685,094	777,347,713	595,685,094
	<u>870,550,100</u>	<u>697,003,012</u>	<u>870,550,100</u>	<u>697,003,012</u>

4. Other income

Interest income	425,309	215,513	425,309	215,513
Rental income	7,072,775	3,916,921	7,072,775	3,916,921
Miscellaneous Income	-	684,681	-	684,681
	<u>7,498,083</u>	<u>4,817,115</u>	<u>7,498,083</u>	<u>4,817,115</u>

5. Operating profit

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

Depreciation of vehicles and equipment (Note 11)	5,674,076	4,934,917	5,674,076	4,934,917
Amortisation of intangible asset (Note 12)	14,587	16,657	14,587	16,657
Operating lease rentals	9,433,887	11,356,995	9,433,887	11,356,995
Auditors' remuneration	1,244,231	1,119,800	1,062,481	915,266
Directors' remuneration and bonus	15,483,517	13,739,940	15,483,517	13,739,940
Trade receivables - Impairment (Note 15)	9,192,479	469,429	9,192,479	469,429
Staff costs (Note 6)	<u>77,053,063</u>	<u>64,602,734</u>	<u>77,053,063</u>	<u>64,602,734</u>

6. Staff costs

Salaries, wages and other staff costs	71,489,300	59,978,884	71,489,300	59,978,884
Post employment benefits:				
- Defined contribution scheme	5,178,083	4,549,250	5,178,083	4,549,250
- National Social Security Fund	385,680	74,600	385,680	74,600
	<u>77,053,063</u>	<u>64,602,734</u>	<u>77,053,063</u>	<u>64,602,734</u>

The average number of persons employed during the year were:

	2023 No	2022 No	2023 No	2022 No
Operation	16	16	16	16
Sales	6	6	6	6
Management and administration	10	9	10	9
Total	<u>32</u>	<u>31</u>	<u>32</u>	<u>31</u>

NOTES (CONTINUED)

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
7. Finance cost				
Realised exchange loss	196,759	662,450	196,759	662,450
Net foreign exchange loss	196,759	662,450	196,759	662,450

8. Tax

Current tax	21,946,328	13,823,408	21,944,219	13,823,408
Deferred tax credit (Note 13)	(3,632,632)	(2,418,323)	(3,632,632)	(2,418,323)
Tax charge	18,313,696	11,405,085	18,311,587	11,405,085

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	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Profit before tax	59,623,661	36,459,068	59,616,631	36,570,595
Tax calculated at a tax rate of 30% (2022: 30%)	17,887,098	10,937,720	17,884,989	10,971,179
Tax effect of expenses not deductible for tax purposes				
- expenses not deductible for tax purposes	426,599	433,906	426,599	433,906
- deferred tax asset not recognised	-	33,459	-	-
Tax charge	18,313,696	11,405,085	18,311,587	11,405,085

9. Dividends

The directors propose a final dividend of Shs 51,625 per share (2022: Shs 32,500 per share) amounting to a total of Shs 41,300,000 (2022: Shs. 26,000,000).

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 2023.

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	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
10. Share capital				
Authorised:				
1,500 (2022: 1,500) ordinary shares of Shs 5,000 each	7,500,000	7,500,000	7,500,000	7,500,000
Issued and fully paid:				
800 (2022: 800) ordinary shares of Shs 5,000 each	4,000,000	4,000,000	4,000,000	4,000,000

11. 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	14,923,513	13,954,467	32,090,962	66,307,474
Additions	3,300,000	988,000	-	-	4,288,000
Impairment	(4,999)	(4,879,018)	-	-	(4,884,017)
Disposals	(830,000)	-	(3,884,774)	-	(4,714,774)
At end of year	7,803,534	11,032,495	10,069,693	32,090,962	60,996,684
Accumulated depreciation					
At start of year	4,355,316	13,143,753	10,934,309	19,378,193	47,811,571
Impairment	(4,968)	(4,837,508)	-	-	(4,842,476)
Disposals	(633,037)	-	(3,550,824)	-	(4,183,861)
Charge for the year	1,034,245	1,219,803	626,223	2,793,805	5,674,076
At end of year	4,751,556	9,526,048	8,009,708	22,171,998	44,459,310
Net carrying amount					
As at 31 December 2023	3,051,978	1,506,447	2,059,985	9,918,964	16,537,374
As at 31 December 2022	983,216	1,779,760	3,020,158	12,712,769	18,495,903

12. Intangible assets

	Group and Company	
	2023 Shs	2022 Shs
Cost		
At start and end of year	185,000	185,000
Accumulated amortization		
At start of year	146,135	129,478
Charge for the year	14,587	16,657
At end of year	160,722	146,135
Net carrying amount	24,278	38,865

NOTES (CONTINUED)

13. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2022: 30%). The movement on the deferred tax account is as follows:

	Group		Company	
	Shs	Shs	Shs	Shs
	2023	2022	2023	2022
At start of year	(7,933,636)	(5,515,313)	(7,933,636)	(5,515,313)
Credit to profit or loss (Note 8)	<u>(3,632,632)</u>	<u>(2,418,323)</u>	<u>(3,632,632)</u>	<u>(2,418,323)</u>
At end of year	<u>(11,566,268)</u>	<u>(7,933,636)</u>	<u>(11,566,268)</u>	<u>(7,933,636)</u>

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	<u>(2,217,712)</u>	<u>(486,999)</u>	<u>(2,704,711)</u>
Deferred tax assets			
Tax losses	(141,788)	2,109	(139,679)
Provisions	(4,380,457)	(2,596,582)	(6,977,039)
Unrealised exchange differences	<u>(1,335,467)</u>	<u>(549,051)</u>	<u>(1,884,518)</u>
	<u>(5,857,712)</u>	<u>(3,143,524)</u>	<u>(9,001,236)</u>
Deferred tax asset derecognised	<u>141,788</u>	<u>(2,109)</u>	<u>139,679</u>
Net deferred tax asset	<u>(7,933,636)</u>	<u>(3,632,632)</u>	<u>(11,566,268)</u>

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against. Deferred tax assets amounting to Shs 139,679 in respect of tax losses carried forward that can be carried forward against future taxable profits have been derecognised.

The Company

Deferred tax liability			
Vehicles and equipment	<u>(2,217,712)</u>	<u>(486,999)</u>	<u>(2,704,711)</u>
Deferred tax assets			
Provisions	(4,380,457)	(2,596,582)	(6,977,039)
Unrealised exchange differences	<u>(1,335,467)</u>	<u>(549,051)</u>	<u>(1,884,518)</u>
	<u>(5,715,924)</u>	<u>(3,145,633)</u>	<u>(8,861,557)</u>
Net deferred tax asset	<u>(7,933,636)</u>	<u>(3,632,632)</u>	<u>(11,566,268)</u>

NOTES (CONTINUED)

14. Investment in subsidiary	2023 Shs	2022 Shs
999 (2022: 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.

15. Trade and other receivables	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Trade receivables	166,021,289	72,868,385	165,870,889	72,863,585
Less: impairment provisions	<u>(21,638,318)</u>	<u>(12,445,839)</u>	<u>(21,638,318)</u>	<u>(12,445,839)</u>
Net trade receivables	144,382,971	60,422,546	144,232,571	60,417,746
Prepayments and other deposits	12,410,269	9,551,627	12,410,269	9,551,627
Other receivables	10,391,225	27,478,844	10,391,225	27,478,844
Container deposits	11,845,221	6,242,991	11,845,221	6,242,991
Amount due from director (Note 18 (iv))	-	30,787	-	30,787
Receivable from related parties (Note 18 (iv))	<u>21,820,249</u>	<u>19,360,016</u>	<u>21,820,249</u>	<u>19,360,016</u>
	<u>200,849,934</u>	<u>123,086,811</u>	<u>200,699,534</u>	<u>123,082,011</u>
Movement in impairment provisions				
At start of year	12,445,839	11,976,410	12,445,839	11,976,410
Recoveries	(1,326,608)	-	(1,326,608)	-
Additions	<u>10,519,087</u>	<u>469,429</u>	<u>10,519,087</u>	<u>469,429</u>
At end of year	<u>21,638,318</u>	<u>12,445,839</u>	<u>21,638,318</u>	<u>12,445,839</u>

16. Cash and cash equivalents

Cash at bank and in hand	<u>57,114,180</u>	<u>25,113,515</u>	<u>56,666,897</u>	<u>24,504,092</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.

17. Trade and other payables	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Trade payables	49,284,100	17,165,092	48,893,670	16,808,092
Accruals and deferred income	112,003,028	82,289,495	112,003,028	82,289,495
Payable to related parties (Note 18 (iv))	<u>73,619,034</u>	<u>37,157,870</u>	<u>73,619,034</u>	<u>37,157,870</u>
	<u>234,906,162</u>	<u>136,612,457</u>	<u>234,515,732</u>	<u>136,255,457</u>

NOTES (CONTINUED)

18. 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	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
i) Provision of services				
Other related parties	<u>77,880,964</u>	<u>65,440,987</u>	<u>76,792,964</u>	<u>64,472,987</u>
ii) Purchase of services				
Other related parties	<u>395,410,561</u>	<u>194,486,200</u>	<u>396,498,561</u>	<u>221,273,719</u>
iii) Directors' benefits and other remuneration				
- Salaries	25,805,862	22,899,900	25,805,862	22,899,900
- Benefits	<u>4,823,073</u>	<u>4,387,179</u>	<u>4,823,073</u>	<u>4,387,179</u>
	<u>30,628,935</u>	<u>27,287,079</u>	<u>30,628,935</u>	<u>27,287,079</u>
iv) Outstanding balances arising from trading transactions				
Amount due from director (Note 15)	<u>-</u>	<u>30,787</u>	<u>-</u>	<u>30,787</u>
Receivable from related parties (Note 15)	<u>21,820,249</u>	<u>19,360,016</u>	<u>21,820,249</u>	<u>19,360,016</u>
Payable to related parties (Note 17)	<u>73,619,034</u>	<u>37,157,870</u>	<u>73,619,034</u>	<u>37,157,870</u>
Receivables from related parties can be analysed as follows:				
Subsidiary	-	-	44,000	2,000
Other related parties	<u>21,820,249</u>	<u>19,360,016</u>	<u>21,776,249</u>	<u>19,358,016</u>
	<u>21,820,249</u>	<u>19,360,016</u>	<u>21,820,249</u>	<u>19,360,016</u>
Payable to related parties can be analysed as follows:				
Subsidiary	-	-	150,400	-
Other related parties	<u>73,619,034</u>	<u>37,157,870</u>	<u>73,468,634</u>	<u>37,157,870</u>
	<u>73,619,034</u>	<u>37,157,870</u>	<u>73,619,034</u>	<u>37,157,870</u>

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

19. 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. 1,877,878. 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.

20. Commitments

Operating lease commitments - as a lessee

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

	Group		Company	
	2023 Shs	2022 Shs	2023 Shs	2022 Shs
Not later than 1 year	2,710,123	2,556,720	2,710,123	2,556,720
Later than 1 year and not later than 5 years	8,861,913	11,572,036	8,861,913	11,572,036
	-	-	-	-
	<u>11,572,036</u>	<u>14,128,756</u>	<u>11,572,036</u>	<u>14,128,756</u>

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.

21. 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.

22. Presentation currency

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

CONSOLIDATED SCHEDULE OF EXPENDITURE

1. ADMINISTRATIVE EXPENSES

	2023 Shs	2022 Shs
Employment:		
Salaries and wages	60,517,899	50,403,048
Staff training and welfare	10,577,501	8,013,948
Pension scheme contribution - defined	5,178,083	4,549,250
NSSF contributions	385,680	74,600
Commissions and incentives	374,700	1,543,238
Training levy	19,200	18,650
Total employment costs	77,053,063	64,602,734
Other administrative expenses:		
Directors' remuneration	15,483,517	13,739,940
Internet, postages and telephone expenses	4,411,591	2,723,312
Entertainment	1,902,029	3,664,784
Travelling	5,775,401	4,520,223
Vehicle running expenses	4,436,472	2,764,443
Printing and stationery	1,638,651	1,471,358
Audit fees		
- current year	1,244,231	1,119,800
- underprovision in prior year	-	466
Legal and professional fees	12,739,824	9,982,716
Management expenses	34,774,514	10,837,777
Advertising expenses	126,214	716,864
Subscriptions	748,865	115,819
Bank charges	2,343,790	1,908,330
Office expenses	1,536,981	690,997
Computer expense	8,281,095	7,376,440
Miscellaneous expense	-	66
Fines and penalties		
-current year	334,683	5,091,140
-Over provision in prior year	(537,206)	-
Donations	439,045	78,025
Bad debts written off	15,692	177,178
Increase in impairment provision - trade receivables	9,192,479	469,429
Loss on disposal of plant and equipment	246,592	1,868
Total other administration expenses	105,134,460	67,450,975
Total administrative expenses	182,187,523	132,053,709

2. OTHER OPERATING EXPENSES

Establishment:		
Rent	9,433,887	11,356,995
Electricity and water	1,333,907	1,056,386
Repairs and maintenance	1,098,013	1,102,513
Insurance	941,207	810,681
Licences	415,150	688,431
Security expenses	35,000	221,940
Unrealised exchange loss	3,937,412	2,107,246
Realised exchange loss/(gain)	2,326,905	(3,374,663)
Depreciation of plant and equipment	5,674,076	4,934,917
Amortisation of intangible assets	14,587	16,657
Total other operating expenses	25,210,144	18,921,103

COMPANY SCHEDULE OF EXPENDITURE

1. ADMINISTRATIVE EXPENSES	2023 Shs	2022 Shs
Employment:		
Salaries and wages	60,517,899	50,403,048
Staff training and welfare	10,577,501	8,013,948
Pension scheme contribution - defined	5,178,083	4,549,250
NSSF contributions	385,680	74,600
Commissions and incentives	374,700	1,543,238
Training levy	19,200	18,650
Total employment costs	77,053,063	64,602,734
Other administrative expenses:		
Directors' remuneration	15,483,517	13,739,940
Internet, postages and telephone expenses	4,411,591	2,723,312
Entertainment	1,902,029	3,664,784
Travelling	5,775,401	4,520,223
Vehicle running expenses	4,436,472	2,764,443
Printing and stationery	1,498,799	1,384,898
Audit fees	1,062,481	915,266
Legal and professional fees	12,609,824	9,817,716
Management expenses	34,217,714	10,280,977
Advertising expenses	126,214	716,864
Subscriptions	748,865	115,819
Bank charges	2,336,390	1,904,994
Office expenses	1,536,981	690,997
Computer expense	8,281,095	7,376,440
Miscellaneous expense	439,045	66
Fines and penalties		
-current year	334,683	5,091,140
-Over provision in prior year	(537,206)	-
Donations	-	78,025
Bad debts written off	15,692	177,178
Increase in impairment provision - trade receivables	9,192,479	469,429
Loss on disposal of plant and equipment	246,592	1,868
Total other administration expenses	104,118,658	66,434,379
Total administrative expenses	181,171,721	131,037,113
2. OTHER OPERATING EXPENSES		
Establishment:		
Rent	9,433,887	11,356,995
Electricity and water	1,333,907	1,056,386
Repairs and maintenance	1,098,013	1,102,513
Insurance	941,207	810,681
Licences	349,982	625,500
Security expenses	35,000	221,940
Unrealised exchange loss	3,937,412	2,107,246
Realised exchange loss/(gain)	2,326,905	(3,374,663)
Depreciation of plant and equipment	5,674,076	4,934,917
Amortisation of intangible assets	14,587	16,657
Total other operating expenses	25,144,976	18,858,172

Ecu Worldwide (Kenya) Limited
Annual report and consolidated financial statements
For the year ended 31 December 2023

SCHEDULE OF NET RENTAL INCOME

	2023 Shs	2022 Shs
Gross rental income	<u>24,134,470</u>	<u>20,790,347</u>
Less:		
Electricity and water	162,499	103,226
Rental expenses	3,278,937	3,154,347
Internet	54,572	59,988
Security, alarms and fire services	650,277	539,692
Employment costs - Casuals	991,205	736,978
Other expenses	45,120	84,210
Provision for profit share to parent	751,780	2,683,331
Interest on loan attributable to rental income	-	263,837
Finance Managers salary directly attributable to warehouse operations	-	87,857
Reallocation of supervisor salary against rental income	804,960	-
Directors salary directly attributable to warehouse operations	<u>10,322,345</u>	<u>9,159,960</u>
	<u>17,061,695</u>	<u>16,873,426</u>
Net rental income	<u>7,072,775</u>	<u>3,916,921</u>