

ECU WORLDWIDE SOUTH AFRICA (PTY) LTD
(Registration number 1996/006602/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

ECU WORLDWIDE SOUTH AFRICA (PTY) LTD

(Registration number 1996/006602/07)

Annual Financial Statements for the year ended 31 December 2019

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	International import and export of cargo containers
Directors	Y Palm (South Africa) SMN Mohamedhusein (Indian) RM Wernli (Sweden)
Registered office	First Floor, Block B Southern Life Gardens 70 Second Avenue Newton Park Port Elizabeth 6055
Business address	First Floor, Block B Southern Life Gardens 70 Second Avenue Newton Park Port Elizabeth 6055
Postal address	P.O. Box 7835 Newton Park Port Elizabeth 6055
Holding company	Ecu Hold NV incorporated in Belgium
Ultimate holding company	AllCargo Logistics Limited, incorporated in India
Bankers	Standard Bank Investec
Auditors	Ernst & Young Inc, Registered Auditors
Company registration number	1996/006602/07
Tax reference number	9278/486/84/1
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	Robyn Steyn CA(SA), Nomads Consulting
Issued	30-Jun-20

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the financial position of the company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with the International Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations given by management, the directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

The directors have considered the company's current financial position and reviewed the cash flow forecast for the next 12 months. As a result, the directors are satisfied that the company has adequate resources to continue operating for the foreseeable future.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The accounting officer is responsible for ensuring that the annual financial statements are in agreement with the accounting records, summarised in the manner required by Section 30 of the Companies Act 71 of 2008.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 1 to 30, prepared on a going concern basis, were approved by the Directors on 30 June 2020 and was signed on its behalf by:



Director: Y P M

Independent Auditor's Report

To the Shareholders of Ecu Worldwide South Africa (Pty) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ecu Worldwide South Africa (Pty) Ltd ('the company') set out on pages 8 to 28 which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ecu Worldwide South Africa (Pty) Ltd as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small Medium-Sized Entities (IFRS for SMEs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the 30-page document titled “Ecu Worldwide South Africa (Pty) Ltd Annual Financial Statements for the year ended 31 December 2019”, which includes the Directors’ Report as required by the Companies Act of South Africa and the detailed income statement. The other information does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small Medium-Sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company’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 company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

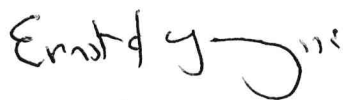
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 the 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



Director: Mark Biggs

Registered Auditor

30 June 2020

145 Cape Road

Mill Park

Port Elizabeth

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DIRECTORS' REPORT

BUSINESS AND OPERATIONS

The principal business activity of the company is a logistic service to international business, importing and exporting cargo containers.

FINANCIAL RESULTS

The financial results for the year under review are clearly reflected in these financial statements. The company made a profit for the year of R 3 960 913 (2018:R 5 433 721).

DIRECTORS

Particulars of the present directors are given on page 1.

HOLDING COMPANY

The company's holding company is Ecu Hold NV, which holds 100% (2018: 100%) of the company's equity. Ecu Hold NV is a company incorporated in Belgium. The ultimate holding company is AllCargo Logistics Limited, incorporated in India.

DIVIDENDS

Dividends amounting to R 8 536 424 (2018: R 3 550 000) were declared during the year of which R6 100 000 (2018: R 3 550 000) was paid. The balance was paid in May 2020.

SHARE CAPITAL

The authorised and issued share capital remained unchanged throughout the current and prior years.

AUDITORS

Ernst & Young Incorporated will continue as external auditors in accordance with Section 90 of the Companies Act 71 of 2008.

GOING CONCERN

The directors have satisfied themselves that the company is in a sound financial position and that it has adequate financial resources to continue operating in the foreseeable future, therefore the annual financial statements have been prepared on the going concern basis.

Other than the matters raised in the paragraph below, the directors are not aware of any new material changes that may adversely impact the company. In addition, the directors are not aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation, which may impact the company.

EVENTS SUBSEQUENT TO THE ACCOUNTING DATE

The only material fact or circumstance that has occurred between the accounting date and the date of this report has been the COVID-19 pandemic, which was classified as a world health emergency by the World Health Organisation at the end of January 2020. For further detail regarding the impact of the COVID-19 on the company, kindly refer to disclosure note 21.

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STATEMENT OF FINANCIAL POSITION

	Note	2019 R	2018 R
ASSETS			
NON-CURRENT ASSETS			
		603 863	360 660
Property, plant and equipment	2	603 863	360 660
CURRENT ASSETS			
		24 756 199	26 483 792
Trade and other receivables	3	19 937 027	21 475 228
Current tax receivable		625 449	568 443
Cash and cash equivalents	4	4 193 723	4 440 121
TOTAL ASSETS		25 360 062	26 844 452
EQUITY AND LIABILITIES			
EQUITY			
		3 961 011	8 536 522
Share capital	5	100	100
Retained income		3 960 911	8 536 422
LIABILITIES			
CURRENT LIABILITIES			
		21 399 051	18 307 930
Trade and other payables	6	18 962 627	18 307 930
Current tax payable		121 821	-
Shareholders for dividends	7	2 314 603	-
TOTAL EQUITY AND LIABILITIES		25 360 062	26 844 452

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 R	2018 R
Revenue	8	235 682 340	269 986 426
COST OF SALES		(203 667 731)	(235 632 500)
GROSS PROFIT		32 014 609	34 353 926
Other income		280 046	215 095
Administration expenses		(5 005 399)	(4 897 225)
Selling and distribution expenses		(1 752 482)	(1 588 035)
Operating expenses		(19 972 292)	(20 699 778)
Profit from operations	9	5 564 482	7 383 983
Investment revenue	10	92 295	150 505
Finance charges		(75 000)	(45 574)
Profit before taxation		5 581 777	7 488 914
Taxation	11	(1 620 864)	(2 055 193)
PROFIT FOR THE YEAR		3 960 913	5 433 721

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STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital R	Retained income R	Total R
Balance at 1 January 2018		100	6 652 701	6 652 801
Profit for the year		-	5 433 721	5 433 721
Dividends	13	-	(3 550 000)	(3 550 000)
Balance at 31 December 2018		100	8 536 422	8 536 522
Profit for the year		-	3 960 913	3 960 913
Dividends	13	-	(8 536 424)	(8 536 424)
Balance at 31 December 2019	5	100	3 960 911	3 961 011

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STATEMENT OF CASH FLOWS

	Note	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES		188 179	2 079 592
Cash receipts from customers		237 220 541	271 028 539
Cash paid to suppliers and employees		(229 271 787)	(263 006 522)
Cash generated by operations	12	7 948 754	8 022 017
Investment revenue	10	92 295	150 505
Finance costs		(75 000)	(45 574)
Dividends paid	13	(6 100 000)	(3 550 000)
Taxation paid	14	(1 677 870)	(2 497 356)
CASH FLOWS FROM INVESTING ACTIVITIES		(434 577)	(34 620)
Additions to property, plant and equipment	2	(434 577)	(34 620)
CASH FLOWS FROM FINANCING ACTIVITIES ACTIVITIES		-	(4 023 765)
Net proceeds from loans from group companies		-	(4 023 765)
TOTAL CASH MOVEMENT FOR THE YEAR		(246 398)	(1 978 793)
CASH AND CASH EQUIVALENTS at beginning of the year	4	4 440 121	6 418 914
CASH AND CASH EQUIVALENTS at end of the year	4	4 193 723	4 440 121

ACCOUNTING POLICIES

1. Basis of compilation

The financial statements of the company have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis and incorporate the accounting policies documented below. These accounting policies are consistent with the previous financial year.

The financial statements are presented in South African Rand.

1.1 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the book values to estimated residual values over the anticipated useful lives of the assets concerned. The average useful lives used for this purpose are:

Motor vehicles: 10 years

Furniture and fixtures: 5 years

IT equipment: 2 to 3 years

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

1.2 Impairment of assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If the fair value less costs to sell of an asset or group of assets is estimated to be less than its carrying amount, the carry amount of the asset or group of assets is reduced to its fair value less costs to sell. An impairment loss is recognised immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset or group of assets is increased to the revised estimate of its recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset or group of assets in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.3 Financial Instruments

Trade and other receivables

Financial instruments are initially measured at the transaction price including transaction costs except in the initial measure of financial assets and liabilities that are measured at fair value through profit and loss unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised costs.

Cash in the statement of financial position comprises bank, cash on hand and short-term deposits with an original maturity date of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents comprises the cash balance as defined above, net of bank overdraft(s).

ACCOUNTING POLICIES

1.3 Financial Instruments (cont.)

Financial liabilities

Financial instruments included in trade and other payables and loans from group companies. These are measured at amortised cost using the effective interest rate method.

Derecognition of financial instruments

A financial instrument is derecognised when the company no longer controls the contractual rights or obligations that define financial instruments. This is normally when the cash attributable to the financial instrument passes to a third party.

Offsetting of financial instruments

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

1.4 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.5 Provisions

Provisions are recognised where the company has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other taxes or duties. The company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The company has concluded that it is acting as principle in all of its revenue arrangements. The following specific recognition criteria must be met before revenue is recognised:

Revenue for services rendered relating to the import of goods is recognised upon the arrival of the goods at the cargo destination station.

Revenue for services rendered relating to the export of goods is recognised upon the departure of the goods at the cargo departure station.

1.7 Investment income

Interest is recognised as interest accrues (using the effective interest method) and included in operating income in the statement of financial performance.

ACCOUNTING POLICIES

1.8 Leases

Leases are classified as operating leases, where substantially all the risks and rewards associated with ownership of the asset are not transferred from the lessor to the lessee.

Operating lease payments are recognised as an expense through profit and loss on a straight line basis over the lease term.

1.9 Retirement benefit

Defined contribution plans

The policy is to provide retirement benefits for all its employees. Current contributions to relevant retirement benefit plans operated for employees are charged against profit or loss in the period to which they relate.

1.10 Foreign exchange

Foreign currency balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange ruling at the reporting date. Gains and losses arising on translation are dealt with through profit and loss in the year in which they occur.

Foreign currency transactions

Transactions in foreign currency are accounted for at the spot rate of exchange ruling on the date of the transaction.

The functional currency is the South African Rand.

1.11 Borrowing costs

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.12 Taxes

Current tax assets and liabilities

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

Deferred tax is recognised on the differences between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax basis (temporary differences). Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

ACCOUNTING POLICIES

1.12 Taxes (cont.)

Deferred tax assets and liabilities (cont.)

Deferred tax is calculated at the expected tax rates applicable to the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

The income tax expense represents the sum of the tax charge on the current year taxable income and deferred taxation.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

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

The net amount of value added tax recoverable from / payable to the taxation authority is shown separately in the notes to the annual financial statements as part of trade and other receivables / trade and other payables.

1.13 Dividends paid

Dividends are declared and paid after having been proposed by the directors and authorised by the shareholder and if the company is compliant with the liquidity and solvency ratios as required by the Companies Act 71 of 2008.

ACCOUNTING POLICIES

1.14 Significant accounting judgements, estimates and assumptions

The preparation of financial statements 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

The key assumptions, estimates and judgements concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are discussed below:

Financial instruments

The carrying amount of financial instruments approximates the fair value.

Provision for doubtful debts

The provision for impairment losses on trade receivables is determined with reference to identified problematic debtors, debtors exceeding the set credit limits and debtors exceeding creditor terms. Due to the size of the trade receivables book and the risks associated with a widespread customer base, the provision is subject to significant uncertainty.

Residual values and useful lives of property, plant and equipment

Residual values of property, plant and equipment are based on the nature of the assets, period of use and the historical experience. No changes were made to the residual values of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

The useful lives of property, plant and equipment are based on the historical experience and industry standards. No changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated useful lives determined in the prior year remained appropriate.

Event subsequent to the accounting date

Although a few corona virus cases had been reported to the World Health Organisation (WHO) prior to 31 December 2019, there was insufficient evidence to support the contagiousness of the disease at the time. The WHO did not declare the COVID-19 outbreak as a world health emergency until the 31 January 2020 and for this reason, management has determined that these events are non-adjusting subsequent events. Accordingly, the financial position as at and results of operations for the financial year ended 31 December 2019 have not been adjusted to reflect their impact.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				2019	2018	
				R	R	
2. PROPERTY PLANT AND EQUIPMENT						
	Cost	2019 Accumulated Depreciation	Net book value	Cost	2018 Accumulated Depreciation	Net book value
Furniture and fixtures	288 587	(150 093)	138 494	272 964	(125 765)	147 199
Motor vehicles	289 900	(208 700)	81 200	289 900	(165 720)	124 180
IT equipment	698 527	(314 358)	384 169	769 165	(679 884)	89 281
Net book value	1 277 014	(673 151)	603 863	1 332 029	(971 369)	360 660

Reconciled as follows - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	147 199	15 623	-	(24 328)	138 494
Motor vehicles	124 180	-	-	(42 980)	81 200
IT equipment	89 281	418 954	-	(124 066)	384 169
	360 660	434 577	-	(191 374)	603 863

Reconciled as follows - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	159 637	11 767	-	(24 205)	147 199
Motor vehicles	167 160	-	-	(42 980)	124 180
IT equipment	141 232	22 853	-	(74 804)	89 281
	468 029	34 620	-	(141 989)	360 660

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	2019 R	2018 R
3. TRADE AND OTHER RECEIVABLES		
Trade receivables	16 845 792	16 131 143
Amounts owing by related parties	2 605 319	4 698 557
Trade receivables - gross	19 451 111	20 829 700
Provision for doubtful debts	(99 723)	-
Trade receivables - net	19 351 388	20 829 700
Deposits	120 019	120 419
VAT	296 495	335 629
Prepayments	169 125	176 680
Other receivables	-	12 800
	19 937 027	21 475 228

Trade receivables, revenue accrual and amounts owing by related parties are non-interest bearing and are generally on 7-60 days' terms. VAT is non-interest bearing and funds are normally received within 30 days. Prepayments, deposits and other receivables are non-interest bearing and are generally on terms of less than 12 months.

The company is exposed to the risk of changes in exchange rates because the above-mentioned trade and other receivables include foreign currency denominated balances. The company only trades with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the company's risk exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed above. There are no significant concentrations of credit risk within the company.

4. CASH AND CASH EQUIVALENTS

Cash on hand	6 376	4 490
Bank balances	4 187 347	4 435 631
	4 193 723	4 440 121

Cash and cash equivalents comprise of cash on hand, call deposits and cash balances with banks.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one and seven days, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is R 4 193 723 (2018: R 4 440 121).

The company manages its liquidity risk by ensuring it has adequate banking facilities and reserve borrowing capacity.

Standard Bank holds the following securities:

Pledge notice deposit	230 000	230 000
National Ports Authority (NPA) guarantee: The guarantee is necessary for the NPA in order for the company to submit cargo dues online. The agreement expires on 31 January 2030.	100 000	100 000

Standard Bank holds the following facilities:

Guarantee by the bank	100 000	100 000
Forward exchange control	-	1,530,000
Overdraft	5,500,000	5,500,000

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
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5. SHARE CAPITAL

Authorised:

10 000 Ordinary shares of R1 each	10 000	10 000
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Issued:

100 Ordinary shares of R1 each	100	100
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There has been no change in authorised or issued share capital in the current and prior year.

6. TRADE AND OTHER PAYABLES

Trade payables	9 931 472	12 971 274
Amounts due to related parties	6 768 853	3 161 677
Bonus pay accrual	461 277	544 835
Other payables	1 801 025	1 630 144
	<u>18 962 627</u>	<u>18 307 930</u>

Trade payables, cost of sales accrual and amounts due to related parties are non-interest bearing and are generally on 60 days' terms. Other payables and accruals are non-interest bearing and have an average term of 30 days. Bonus accrual is non-interest bearing and have no fixed terms of repayment.

The company is exposed to the risk of changes in exchange rates because trade and other payables includes balances denominated in foreign currency.

7. SHAREHOLDERS FOR DIVIDENDS

Shareholders for dividends	2 314 603	-
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Dividends amounting to R 2 434 424 had been declared but remained unpaid at 31 December 2019. The amount due to shareholders at year-end is net of a 5% withholding tax of R 121 821.

8. REVENUE

Revenue represents the net invoiced value to customers, which excludes VAT and investment income. All sales are zero-rated.

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	2019 R	2018 R
9. DISCLOSABLE ITEMS		
Profit from operations is stated after:		
(Profit)/loss on foreign exchange	(122,879)	1,692,758
Depreciation on property, plant and equipment	191,374	141,989
Directors' remuneration		
Salary and bonuses	1,277,641	1,374,963
Company contribution to provident fund	125,273	116,170
Expense allowances	66,000	66,000
Other company contributions	47,288	17,048
	<u>1 516 202</u>	<u>1 574 181</u>
Staff costs		
Salary and wages	13,015,014	12,331,879
Company contribution to provident fund	957,997	890,816
Other staff costs	1,434,591	1,359,297
	<u>15 407 602</u>	<u>14 581 992</u>
Operating lease charges		
Premises	1,398,563	1,179,196
Motor vehicles	41,870	45,386
Equipment	154,257	290,486
	<u>1 594 690</u>	<u>1 515 068</u>
10. INVESTMENT REVENUE		
Interest revenue	<u>92 295</u>	<u>150 505</u>
11. TAXATION		
11.1 Tax charge		
South African normal tax		
Current	1 620 864	2 055 193
Prior period income tax	-	-
	<u>1 620 864</u>	<u>2 055 193</u>
11.2 Tax reconciliation		
Accounting profit	5,581,777	7,488,914
Standard tax charge at 28% (2018: 28%)	1,562,898	2,096,896
Non-deductible expenditure	42 621	2 660
Deferred tax not recognised	15 345	(44 363)
Effective tax charge	<u>1 620 864</u>	<u>2 055 193</u>

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	2019 R	2018 R
12. CASH GENERATED BY OPERATIONS		
Profit before taxation	5 581 777	7 488 914
Adjusted for:		
Depreciation on property, plant and equipment	191 374	141 989
Investment revenue	(92 295)	(150 505)
Increase in provision for doubtful debts	99 723	-
Finance costs	75 000	45 574
Change in working capital		
Trade and other receivables	1 438 478	1 042 113
Trade and other payables	654 697	(546 068)
	<u>7 948 754</u>	<u>8 022 017</u>
13. DIVIDENDS PAID		
Amounts payable at the beginning of period	-	-
Interim dividend	(6 100 000)	(3 550 000)
Final dividend	(2 436 424)	-
Amount payable at the end of the year (incl withholding tax)	2 436 424	-
Paid during the year	<u>(6 100 000)</u>	<u>(3 550 000)</u>
Dividends of R 85 364 (2018: R 35 500) per share was declared during the year.		
14. TAXATION PAID		
Balance at the beginning of the year	568 443	126 280
Amounts charged to profit or loss	(1 620 864)	(2 055 193)
Balance at the end of the year	(625 449)	(568 443)
Paid during the year	<u>(1 677 870)</u>	<u>(2 497 356)</u>
15. KEY MANAGEMENT PERSONNEL		
Key management personnel	<u>1 516 202</u>	<u>1 574 181</u>
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any directors (whether executive or otherwise) of the company.		
16. AUDITOR'S REMUNERATION		
Fees	190,000	240,000
Other services	89,731	83 181
	<u>279 731</u>	<u>323 181</u>

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	2019	2018
	R	R

17. CATEGORIES OF FINANCIAL INSTRUMENTS

2019	Loans and receivables	Financial liabilities at amortised cost	Non-financial instruments	Total
Trade and other receivables	19 471 407	-	465 620	19 937 027
Cash and cash equivalents	4 193 723	-	-	4 193 723
Trade and other payables	-	(18 501 350)	(461 277)	(18 962 627)
Shareholders for dividends	-	(2 314 603)	-	(2 314 603)
	<u>23 665 130</u>	<u>(20 815 953)</u>	<u>4 343</u>	<u>2 853 520</u>
2018	Loans and receivables	Financial liabilities at amortised cost	Non-financial instruments	Total
Trade and other receivables	20 962 919	-	512 309	21 475 228
Cash and cash equivalents	4 440 121	-	-	4 440 121
Trade and other payables	-	(17 763 095)	(544 835)	(18 307 930)
	<u>25 403 040</u>	<u>(17 763 095)</u>	<u>(32 526)</u>	<u>7 607 419</u>

18. EMPLOYMENT BENEFITS

The company has a defined contribution provident fund with Sanlam for all employees who are permanent, contracted, salaried employees. The fund is financed by company contributions and is governed by the Pension Fund Act of 1956.

The monthly contributions towards the Provident Fund are 13% of the employee's gross salary and the payment will be split between the company (8%) and the employee (5%). There are 47 (2018: 41) members that contribute to the fund. The total contributions recognised as an expense during the year amounts to R 1 083 270 (2018: R1 006 986).

18. COMMITMENTS UNDER OPERATING LEASES

The company has operating leases for the lease of premises and equipment for which the future minimum lease payments as follows:

Minimum lease payments due

Within one year	989 681	871 192
In second to fifth year	1 390 344	1 652 240
	<u>2 380 025</u>	<u>2 523 432</u>

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	2019 R	2018 R
20. RELATED PARTIES		
Ecu Hold NV, a company incorporated in Belgium, owns 100% of the company's shares. The ultimate parent of the group is AllCargo Logistics Limited. Only those related parties that the company has traded with during the current and prior financial years have been disclosed in the financial statements.		
Receivables from related parties		
Allcargo Logistics LLC	558 682	123 398
All Cargo Global Logistics - Newdehli	(112 570)	(4 758)
Econocaribe Consolidators Inc.	(3)	-
Ecu - Line Bangladesh	-	17 564
Ecu - Line Bulgaria EOOD	5 896	-
Ecu - Line Doha WLL	11 239	-
Ecu - Line Dubai	-	8 181
Ecu - Line Middle East LLC	12 485	-
Ecu - Line Pakistan	-	5 794
Ecu - Line Spain S.L.	17 430	2 771
Ecu - Line Nordic Sweden AB	-	70 962
Ecu - Line Switzerland GmbH	-	177
Ecu Hold NV	42	-
Ecu Dar Es Salaam	48 750	-
Ecu Marseille	27 380	47 210
Ecu Miami	113 700	9 067
Ecu Montreal	-	15 105
Ecu Nordic Norway AS	33 104	44 149
Ecu Worldwide (Argentina) S.A	-	8 848
Ecu Worldwide (Atlanta)	5 827	14 051
Ecu Worldwide (Australia) Pty Ltd	8 745	7 092
Ecu Worldwide (Belgium)	465 885	1 760 077
Ecu Worldwide (Canada)	221 129	34 589
Ecu Worldwide (CZ) s.r.o.	-	14 226
Ecu Worldwide (Chile) S.A	40 004	-
Ecu Worldwide (China) Shanghai Ltd	209 877	429 360
Ecu Worldwide (Cote d'Ivoire) SARL	-	4 713
Ecu Worldwide (Cyprus) Ltd.	8 329	-
Ecu Worldwide (France)	44 739	182 914
Ecu Worldwide (Germany) GmbH	22 295	432 758
Ecu Worldwide (Guangzhou) Ltd	181 062	191 271
Ecu Worldwide (Hong Kong) Ltd	78 658	91 005
Ecu Worldwide (Italy) S.r.l.	85 899	9 510
Ecu Worldwide (Japan) Ltd	7 776	6 665
Ecu Worldwide (Kenya) Ltd	72 921	24 775
Ecu Worldwide (Lanka (Private) Ltd)	23 626	3 196
Ecu Worldwide (Logistics do Brazil) Ltda	2 697	22 208
Ecu Worldwide (Mauritius) Ltd	14 158	16 703
Ecu Worldwide (Mexico)	56 088	-
Ecu Worldwide (Netherlands) B.V	41 370	5 447
Ecu Worldwide (Peru) S.A.C.	11 882	-
Ecu Worldwide (Philippines) Inc.	-	13 869
Ecu Worldwide (Poland) Sp Zoo	16 600	-
Ecu Worldwide (Singapore) Pte. Ltd	158 747	202 796
Ecu Worldwide (TZ) Ltd	-	6 168
Ecu Worldwide (Turkey Tasimacilik) Ltd Sirketi	1 974	-
Ecu Worldwide (UK) Ltd	69 033	788 856
Ecu Worldwide (Uruguay) S.A.	18 602	-
Ecu Worldwide (USA)	13 704	61 595
Ecu Worldwide (Vietnam) Co. Ltd	351	1 081
ELWA Ghana Ltd.	7 206	25 164
	2 605 319	4 698 557

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	2019 R	2018 R
20. RELATED PARTIES (cont.)		
Payables from related parties		
All Cargo Global Logistics - Newdehli	-	295 139
Allcargo Logistics LLC	433 123	56 511
Econocaribe Consolidators Inc.	12 396	-
Ecu - Line Bulgaria EOOD	27 116	-
Ecu - Line Dubai	10 330	-
Ecu - Line Korea	-	8 337
Ecu - Line Middle East LLC	3 013	-
Ecu - Line Nordic Sweden AB	-	8 067
Ecu - Line Spain S.L.	10 541	33 730
Ecu - Line Pakistan	-	3 459
Ecu - Line Vancouver	-	4 966
Ecu Hold NV	167 893	3 609
Ecu Montreal	-	20 410
Ecu Nordic Norway AS	27 499	11 162
Ecu Port Kelang	-	10 914
Ecu Worldwide (Australia) Pty Ltd	3 448	-
Ecu Worldwide (Belgium)	1 817 612	522 347
Ecu Worldwide (Canada)	55 818	(5 045)
Ecu Worldwide (CEE) S.r.l.	4 407	-
Ecu Worldwide (Chile) S.A	-	4 099
Ecu Worldwide (China) Shanghai Ltd	489 290	441 275
Ecu Worldwide (CZ) s.r.o.	20 810	7 279
Ecu Worldwide (El Salvador)	-	4 830
Ecu Worldwide (France)	120 179	95 776
Ecu Worldwide (Germany) GmbH	230 385	127 765
Ecu Worldwide (Guangzhou) Ltd	443 825	245 332
Ecu Worldwide (Hong Kong) Ltd	144 885	49 218
Ecu Worldwide (Indonesia)	956	15 326
Ecu Worldwide (Italy) S.r.l.	176 960	32 421
Ecu Worldwide (Japan) Ltd	18 877	13 289
Ecu Worldwide (Kenya) Ltd	4 757	-
Ecu Worldwide (Lanka (Private) Ltd)	349 005	15 310
Ecu Worldwide (Logistics do Brazil) Ltda	1 405	23 779
Ecu Worldwide (Mauritius) Ltd	-	17 654
Ecu Worldwide (Netherlands) B.V	152 226	42 110
Ecu Worldwide (Poland) Sp Zoo	136 244	8 992
Ecu Worldwide (Singapore) Pte. Ltd	830 992	475 925
Ecu Worldwide (Thailand) Co. Ltd	70 249	70 735
Ecu Worldwide (Turkey Tasimacilik) Ltd Sirketi	5 506	-
Ecu Worldwide (UK) Ltd	387 189	138 617
Ecu Worldwide (USA)	474 792	97 625
Ecu Worldwide (Vietnam) Co. Ltd	13 256	31 345
ELWA Ghana Ltd.	9 955	-
FCL Marine Agencies GmbH (Hamburg)	91 456	168 479
HCL Logistics NV	22 458	-
Prism Global Ltd	-	60 890
	6 768 853	3 161 677

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	2019 R	2018 R
20. RELATED PARTIES (cont.)		
Sale of services		
All Cargo Global Logistics - Newdehli	3 382 782	1 423 454
Alltrans Logistics Private Limited	-	11 556
Allcargo Logistics LLC	3 622 235	2 535 480
Contech Logistics Solutions Pvt. Ltd	-	426
Econocaribe Consolidators Inc.	85 179	21 431
Ecu - Line Abu Dhabi LLC	-	5 926
Ecu - Line Bangladesh	70 182	55 865
Ecu - Line Bulgaria EOOD	81 466	-
Ecu - Line Doha WLL	35 632	-
Ecu - Line Dubai	-	160 819
Ecu - Line Korea	-	1 714
Ecu - Line Middle East LLC	28 561	-
Ecu - Line Nordic Sweden AB	(69 940)	69 940
Ecu - Line Pakistan	41 636	56 878
Ecu - Line Peru SA	15 766	-
Ecu - Line Saudi Arabia LLC	37 302	1 676
Ecu - Line Spain S.L.	83 705	61 990
Ecu - Line Switzerland GmbH	(5 218)	-
Ecu - Line Vancouver	-	30 760
Ecu Dar Es Salaam	82 561	-
Ecu Hold NV	134 650	2 128
Ecu Marseille	221 533	105 422
Ecu Miami	335 720	85 436
Ecu Montreal	-	39 078
Ecu Nordic Norway AS	208 405	181 120
Ecu Port Kelang	1 098	-
Ecu Slovenia	-	5 299
Ecu Worldwide (Argentina) S.A	28 619	15 927
Ecu Worldwide (Atlanta)	(11 404)	89 697
Ecu Worldwide (Australia) Pty Ltd	42 232	225 391
Ecu Worldwide (Belgium)	9 154 765	6 982 805
Ecu Worldwide (Cambodia)	-	7 953
Ecu Worldwide (Canada)	471 813	89 300
Ecu Worldwide (Chile) S.A	209 684	66 430
Ecu Worldwide (China) Shanghai Ltd	1 960 797	2 489 754
Ecu Worldwide (Colombia) S.A.	-	28 663
Ecu Worldwide (Cote d'Ivoire) SARL	106 236	33 575
Ecu Worldwide (Cyprus)	47 381	20 788
Ecu Worldwide (CZ) s.r.o.	11 423	16 139
Ecu Worldwide (Egyt) Ltd	1 768	5 407
Ecu Worldwide (France)	1 070 229	1 285 829
Ecu Worldwide (Germany) GmbH	799 460	2 039 111
Ecu Worldwide (Guangzhou) Ltd	887 600	981 592
Ecu Worldwide (Hong Kong) Ltd	522 081	449 977
Ecu Worldwide (Indonesia)	-	16 249
Ecu Worldwide (Italy) S.r.l.	267 530	508 966
Ecu Worldwide (Japan) Ltd	48 252	88 532
Ecu Worldwide (Kenya) Ltd	473 089	220 201
Ecu Worldwide (Lanka (Private) Ltd)	149 298	57 313
Ecu Worldwide (Liban) SARL	-	8 714
Ecu Worldwide (Logistics do Brazil) Ltda	3 096	74 798

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	2019 R	2018 R
20. RELATED PARTIES (cont.)		
Sale of services (cont.)		
Ecu Worldwide (Mauritius) Ltd	109 399	145 028
Ecu Worldwide (Mexico)	414 211	-
Ecu Worldwide (Morocco) S.A.	115 788	-
Ecu Worldwide (Nanjing)	106 527	-
Ecu Worldwide (Netherlands) B.V	201 030	53 535
Ecu Worldwide (New Zealand) Ltd	16 242	-
Ecu Worldwide (Panama)	5 648	-
Ecu Worldwide (Peru) S.A.C.	12 788	-
Ecu Worldwide (Philippines) Inc.	20 435	55 190
Ecu Worldwide (Poland) Sp Zoo	76 995	39 173
Ecu Worldwide (Singapore) Pte. Ltd	1 207 651	1 385 583
Ecu Worldwide (Turkey Tasimacilik) Ltd Sirketi	20 384	37 972
Ecu Worldwide (TZ) Ltd	172 235	109 263
Ecu Worldwide (Uganda) Ltd	-	-
Ecu Worldwide (UK) Ltd	1 436 245	2 578 177
Ecu Worldwide (Uruguay) S.A.	19 478	-
Ecu Worldwide (USA)	325 848	645 364
Ecu Worldwide (Vietnam) Co. Ltd	87 417	44 670
ELWA Ghana Ltd.	517 517	707 092
FCL Marine Agencies B.V.	-	1 862
Jordan Gulf for Freight Services & Agencies Co. LLC	933	-
Purchase of services		
All Cargo Global Logistics - Kolkata	-	4 644
All Cargo Global Logistics - Newdehli	277	2 958 737
Allcargo Logistics LLC	2 205 188	72 471
Contech Logistics Solutions Pvt. Ltd	7 551	48 793
Econocaribe Consolidators Inc.	12 396	18 520
Ecu - Line Bangladesh	13 387	50 095
Ecu - Line Bulgaria EOOD	25 707	-
Ecu - Line Doha WLL	952	8 875
Ecu - Line Dubai	10 330	35 744
Ecu - Line Korea	165 553	251 635
Ecu - Line Middle East LLC	43 454	-
Ecu - Line Pakistan	(5 545)	9 589
Ecu - Line Saudi Arabia LLC	23 602	534
Ecu - Line Spain S.L.	112 844	182 113
Ecu - Line Vancouver	-	142 611
Ecu Hold NV	482 622	946 114
Ecu Montreal	-	63 244
Ecu Nordic Norway AS	141 306	161 480
Ecu Port Kelang	-	11 156
Ecu - Line Nordic Sweden AB	-	80 475
Ecu Worldwide (Atlanta)	-	24 703
Ecu Worldwide (Australia) Pty Ltd	14 221	79 189
Ecu Worldwide (Baltics)	8 241	-
Ecu Worldwide (Belgium)	4 132 822	6 678 514
Ecu Worldwide (Cambodia)	-	168
Ecu Worldwide (Canada)	329 422	205 864
Ecu Worldwide (CEE) S.r.l.	(4 677)	-
Ecu Worldwide (Chile) S.A	6 618	25 617

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	2019 R	2018 R
20. RELATED PARTIES (cont.)		
Purchase of services (cont.)		
Ecu Worldwide (China) Shanghai Ltd	2 365 693	6 325 952
Ecu Worldwide (Cote d'Ivoire) SARL	4 964	-
Ecu Worldwide (Cyprus)	10 268	9 786
Ecu Worldwide (CZ) s.r.o.	141 334	55 027
Ecu Worldwide (Eqypt) Ltd	13 736	20 766
Ecu Worldwide (El Salvador)	557 417	205 469
Ecu Worldwide (France)	676 202	1 102 186
Ecu Worldwide (Germany) GmbH	1 486 177	1 776 918
Ecu Worldwide (Guangzhou) Ltd	2 186 332	4 566 743
Ecu Worldwide (Guatemala) S.A.	63 014	-
Ecu Worldwide (Hong Kong) Ltd	1 919 319	1 767 852
Ecu Worldwide (Indonesia)	511	-
Ecu Worldwide (Italy) S.r.l.	273 452	1 053 374
Ecu Worldwide (Japan) Ltd	167 912	267 719
Ecu Worldwide (Kenya) Ltd	368 377	153 254
Ecu Worldwide (Lanka (Private) Ltd)	709 361	440 109
Ecu Worldwide (Logistics do Brazil) Ltda	(31 422)	63 208
Ecu Worldwide (Malaysia) Sdn Bhd	40 424	77 254
Ecu Worldwide (Mauritius) Ltd	18 979	109 946
Ecu Worldwide (Mexico)	24 756	193 148
Ecu Worldwide (Netherlands) B.V	261 534	400 715
Ecu Worldwide (New Zealand) Ltd	4 274	11 237
Ecu Worldwide (Peru) S.A.C.	(17 115)	-
Ecu Worldwide (Philippines) Inc.	9 096	5 662
Ecu Worldwide (Poland) Sp Zoo	(24 368)	244 559
Ecu Worldwide (Singapore) Pte. Ltd	3 349 881	4 324 041
Ecu Worldwide (Thailand) Co. Ltd	479 882	934 440
Ecu Worldwide (Turkey Tasimacilik) Ltd Sirketi	(28 747)	334 540
Ecu Worldwide (TZ) Ltd	2 277	2 040
Ecu Worldwide (UK) Ltd	928 364	1 791 860
Ecu Worldwide (USA)	1 304 282	2 593 697
Ecu Worldwide (Vietnam) Co. Ltd	(7 995)	257 310
Eculine Worldwide Logistics Co. Ltd	178	-
ELWA Ghana Ltd	39 033	-
FCL Marine Agencies B.V.	-	156 362
FCL Marine Agencies GmbH	1 052 541	1 089 971
FMA-LINE France S.A.S.	-	51 906
FMA-Line Holding NV	29 781	-
HCL Logistics NV	(17 471)	35 486
Prism Global Ltd	-	60 890
PT Ecu Worldwide Indonesia	-	34 939
Management fees paid		
Ecu Hold NV	2 872 285	2 746 534
Interest paid		
Ecu Hold NV	-	45 574
File capturing expenses		
Ecu - Line Hong Kong Far East	-	62 924

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	2019	2018
	R	R

21. EVENTS SUBSEQUENT TO THE ACCOUNTING DATE

The World Health Organisation declared the COVID-19 outbreak as a world health emergency at the end of January 2020. Since then, COVID-19 has impacted many local economies around the world. Measures taken to limit the spread of the virus such as social distancing, suspension of travel and closure of non-essential services have caused significant disruption to businesses worldwide, market volatility and a significant weakening of the global economy. Governments and central banks have responded to the economic weakening with various interventions to stabilise economic conditions.

Although a few corona virus cases had been reported to the World Health Organisation (WHO) prior to 31 December 2019, there was insufficient evidence to support the contagiousness of the disease at the time and as stated above, the COVID-19 outbreak was only classified as a world health emergency at the end of January 2020. For this reason, management has determined that these events are non-adjusting subsequent events. Accordingly, the financial position as at and results of operations for the financial year ended 31 December 2019 have not been adjusted to reflect their impact.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the company's financial position and results other than those documented in the paragraphs below.

Revenue

The company has experienced a 19% reduction in revenue in February and March 2020 compared to 2019 largely due to the lockdown of group companies in Europe and the Far East. An improvement in revenue was seen in April and management predicts that revenue will return to normal by July 2020. It should be noted that while the LCL (less than container load) volumes are down, the airfreight and FCL (full container load) volumes have increased.

Foreign currency risk

Foreign currency losses were incurred in the first four months of the 2020 financial year. In order to mitigate the risk of further losses, the company has taken out forward cover.

Debt collections

The company only transacts with credit worthy third parties and as such debt collection has been good. Payment arrangements have been entered into with a few customers that are experiencing short-term cash flow challenges.

Suppliers and expenditure

The company has made payment to its suppliers within the normal terms and conditions. Management have implemented cost containment measures in order to proactively manage cash flow in the longer term. At this stage, management do not intend downsizing the company.

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DETAILED INCOME STATEMENT

	2019 R	2018 R
Revenue		
Rendering of services	235,682,340	269,986,426
Cost of sales		
Purchases	(203,667,731)	(235,632,500)
Gross profit	32,014,609	34,353,926
Other income		
Sundry Income	157,167	215,095
Profit on exchange differences	122,879	-
Investment income	92,295	150,505
	32,386,950	34,719,526
Expenses	(26,730,173)	(27,185,038)
Operating profit	5,656,777	7,534,488
Finance costs	(75,000)	(45,574)
Profit before taxation	5,581,777	7,488,914
Taxation	(1,620,864)	(2,055,193)
Profit for the year	3,960,913	5,433,721

This schedule does not form part of the financial statements and is unaudited.
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DETAILED INCOME STATEMENT

	2019 R	2018 R
Operating expenses		
Advertising	100,196	135,994
Auditors remuneration	190,000	240,000
Bad debts	22,585	1
Bank charges	469,401	284,318
Cleaning	125,943	100,696
Consulting fees	120,798	173,735
Courier services	139,502	135,579
Depreciation on property, plant and equipment	191,374	141,989
Donations	2,950	9,500
Electricity and water	190,899	183,922
Employee costs - Directors' salary, bonus & expense allowance	1,295,084	1,567,985
Employee costs - Medical aid contributions	955,838	892,941
Employee costs - Other	297,013	260,541
Employee costs - Pension fund contributions	1,083,270	1,006,986
Employee costs - Staff salaries and bonuses	13,063,571	12,204,857
Employee costs - Training	8,725	7,667
Employee costs - UIF and SDL	220,303	215,196
Entertainment	290,680	211,355
General expenses	191,546	118,253
Increase in provision for doubtful debts	99,723	399,523
Insurance	267,669	241,902
Lease rentals on operating lease	1,594,690	1,515,068
Legal expenses	13,907	15,668
Loss on exchange differences	-	1,692,758
Management fee	2,872,285	2,746,534
Motor vehicle expenses	326,312	319,977
Office and computer supplies	143,553	166,578
Repairs and maintenance	93,003	96,871
Subscriptions	36,520	28,356
Telephone and fax	1,468,911	1,330,544
Travel - local	282,817	259,811
Travel - overseas	571,105	479,933
	<u>26,730,173</u>	<u>27,185,038</u>

This schedule does not form part of the financial statements and is unaudited.
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