

ECU WORLDWIDE LANKA (PRIVATE) LIMITED

Accounts for the Year Ended 31st December 2021

Tudor V. Perera & Co.
Chartered Accountants,
Colombo.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ECU WORLDWIDE LANKA (PRIVATE) LIMITED.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ECU Worldwide Lanka (Private) Limited, which comprise the statement of financial position as at 31st December 2021, and the statement of 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 accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Financial Reporting Standards for Small and Medium Sized Entities (SLFRSs for SMEs).

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). 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 Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Financial Reporting Standards for Small and Medium Sized Entities (SLFRSs for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs 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.

Partners:

S.M.N.L. Senanayake, B.Sc. (Pub.Admin), FCA
S.M. Deshapriya Senanayake, ACA, ACMA (UK)

M.T. Lantra

Mrs. B.A.R.W. Senanayake, FCA
K.P.S. Dammika, B.B.Mgt. (Fin.) Special, ACA

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A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.



TUDOR V. PERERA & CO.
Chartered Accountants

Colombo.

Date: 29.03.2022

ECU WORLDWIDE LANKA (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

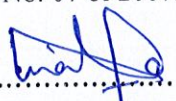
As at 31st December,

ASSETS	Notes	<u>2021</u>		<u>2020</u>
		Rs.	Cts.	Rs.
Non Current Assets				
Property, Plant and Equipment	3	1,990,775.90		695,512
Intangible Assets - Software	4	245,000.00		-
Investment	5	5,000,000.00		5,000,000
		<u>7,235,775.90</u>		<u>5,695,512</u>
Current Assets				
Trade and Other Receivables	6	241,460,279.03		121,471,092
Amounts Due from Related Parties	7	14,100,615.51		15,975,245
Current Tax Assets	8	121,941.62		970,912
Cash and Cash Equivalents	9	19,521,036.36		14,093,239
		<u>275,203,872.52</u>		<u>152,510,489</u>
Total Assets		<u>282,439,648.42</u>		<u>158,206,001</u>
EQUITY AND LIABILITIES				
Stated Capital	10	1,000.00		1,000
Retained Earnings		124,551,644.19		105,028,062
Total Equity		<u>124,552,644.19</u>		<u>105,029,062</u>
Non Current Liabilities				
Non Interest Bearing Borrowings	11	1,325,000.00		1,325,000
Retirement Gratuity Obligation		2,365,004.84		1,693,744
		<u>3,690,004.84</u>		<u>3,018,744</u>
Current Liabilities				
Trade and Other Payables	12	152,722,948.00		50,158,195
Bank Balance Overdrawn	9	1,474,051.39		-
		<u>154,196,999.39</u>		<u>50,158,195</u>
Total Equity and Liabilities		<u>282,439,648.42</u>		<u>158,206,001</u>

Figures in brackets indicate deductions.

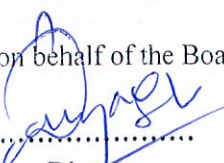
The significant Accounting Policies and Notes from pages 5 to 11 form an integral part of these Financial Statements.

It is certified that these Financial Statements have been prepared in compliance with the requirements of Companies Act No. 07 of 2007.


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Finance Officer

The Board of directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board.


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Director




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Director

Colombo.

Date : 29.02.2022

ECU WORLDWIDE LANKA (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st December,

	Notes	<u>2021</u> Rs. Cts.	<u>2020</u> Rs.
Revenue	12	777,370,078.79	345,211,430
Cost of Sales		(688,393,709.65)	(282,067,565)
Gross Profit		88,976,369.14	63,143,865
Other Income	13	10,818.50	12,660,936
Administration Expenses		(61,531,481.51)	(64,023,197)
Other Expenses		(4,752,219.47)	-
Profit from Operations	14	22,703,486.66	11,781,604
Net Finance Income	15	1,339,071.32	1,186,365
Profit Before Taxation		24,042,557.98	12,967,969
Taxation	16	(5,211,892.00)	(3,379,938)
Net Profit After Taxation		18,830,665.98	9,588,031

Figures in brackets indicate deductions.

The significant Accounting Policies and Notes from pages 5 to 11 form an integral part of these Financial Statements.



ECU WORLDWIDE LANKA (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31st December 2021

	<u>Stated Capital</u> Rs. Cts.	<u>Retained Earnings</u> Rs. Cts.	<u>Total</u> Rs. Cts.
Balance as at 1st January 2019	1,000.00	95,440,030.54	95,441,030.54
Profit for the Year	-	9,588,031.21	9,588,031.21
Balance as at 1st January 2020	1,000.00	105,028,061.75	105,029,061.75
Prior Year Adjustment	-	692,916.46	692,916.46
Profit for the Year	-	18,830,665.98	18,830,665.98
Balance as at 31st December 2021	1,000.00	124,551,644.19	124,552,644.19

Figures in brackets indicate deductions.

The significant Accounting Policies and Notes from pages 5 to 11 form an integral part of these Financial Statements.



ECU WORLDWIDE LANKA (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS

For the Year Ended 31st December,

	<u>2021</u> Rs.	<u>2020</u> Rs.
Cash Flows from Operating Activities		
Profit for the Year	24,042,558	12,967,969
Adjustments for:		
Interest Income	(1,339,071)	(1,186,365)
Gratuity Provision	671,261	443,455
Depreciation	647,210	1,175,472
Amortization	55,000	-
Adjustments	(45,656)	-
Operating Profit before Working Capital Changes	<u>24,031,302</u>	<u>13,400,531</u>
(Increase) / Decrease in Trade and Other Receivable	(119,989,187)	32,938,673
Increase in Amounts Due from Related Parties	1,874,629	(1,915,481)
Decrease in Trade and Other Payable	102,564,753	(38,777,196)
Cash Generated from Operations	<u>8,481,497</u>	<u>5,646,527</u>
Income Tax Paid	(3,937,266)	(1,634,353)
Withholding Tax Paid	-	(13,088)
Economic Service Charges Paid	-	(486,459)
Net Cash Flow from Operating Activities	<u>4,544,231</u>	<u>3,512,627</u>
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(1,929,557)	(39,400)
Interest Income	1,339,071	1,186,367
Gratuity Paid	-	(1,793,594)
Net Cash Flow from Investing Activities	<u>(590,486)</u>	<u>(646,627)</u>
Cash Flows from Financing Activities		
Net Cash Flow from Financing Activities	<u>-</u>	<u>-</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	<u>3,953,745</u>	<u>2,866,000</u>
Cash and Cash Equivalents at the Beginning of the Year	<u>14,093,240</u>	<u>11,227,240</u>
Cash and Cash Equivalents at the End of the Year (Note - A)	<u>18,046,985</u>	<u>14,093,240</u>

Note - A

Cash and Cash Equivalents

Hatton National Bank PLC	- A/C No. 115010127280	(1,474,051)	1,820,196
Hatton National Bank PLC	- A/C No. 115020247323	806,752	1,309,799
Commercial Bank PLC	- A/C No. 1190049684	4,073,478	1,383,512
Commercial Bank PLC	- A/C No. 1190049881	14,329,803	9,221,807
Cash in Hand		311,003	357,926
		<u>18,046,985</u>	<u>14,093,240</u>

Figures in brackets indicate deductions.

The significant Accounting Policies and Notes from pages 5 to 11 form an integral part of these Financial Statements.



ECU WORLDWIDE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

As at 31st December,

	<u>2021</u> Rs. Cts.	<u>2020</u> Rs.
7. <u>Amounts Due from Related Parties</u>		
All Cargo Logistics Lanka (Pvt) Ltd	14,100,615.51	15,975.246
	<u>14,100,615.51</u>	<u>15,975.246</u>
8. <u>Current Tax Assets / (Liability)</u>		
Balance as at the Beginning of the Year	970,911.62	2,216,950
Less: Previous Year Under Provision	(1,630,412.00)	(298,896)
Add: Adjustment	425,656.00	-
	<u>(233,844.38)</u>	<u>1,918.054</u>
Less: Provision for the Year	(3,581,480.00)	(3,081,042)
	<u>(3,815,324.38)</u>	<u>(1,162,988)</u>
Add: Self Assessment Payments Made During the Year	3,937,266.00	1,634,353
Add: Economic Service Charges Paid	-	486,459
Add: Withholding Tax Deducted	-	13,088
Balance as at the End of Year	<u>121,941.62</u>	<u>970.912</u>
9. <u>Cash and Cash Equivalents</u>		
<u>Favorable Balances</u>		
Hatton National Bank PLC - A/c No. 115020247323	806,752.38	1,309,799
Hatton National Bank PLC - A/c No. 115010127280	-	1,820,195
Commercial Bank PLC - A/c No. 1190049684	4,073,478.38	1,383,512
Commercial Bank PLC - A/c No. 1190049881	14,329,802.52	9,221,807
Main Cash	311,003.08	307,926
Petty Cash	-	50,000
	<u>19,521,036.36</u>	<u>14,093,239</u>
<u>Unfavorable Balances</u>		
Hatton National Bank PLC - A/c No. 115010127280	1,474,051.39	-
	<u>1,474,051.39</u>	<u>-</u>
10. <u>Stated Capital</u>		
	No. of Shares	
Issued and Fully Paid Ordinary Shares	100	1,000.00
	<u>100</u>	<u>1,000.00</u>
11. <u>Non Interest Bearing Loans and Borrowings</u>		
ECU International Far East Limited	1,325,000.00	1,325,000
12. <u>Trade and Other Payables</u>		
Trade Creditors - Associate Companies	15,451,152.85	3,047,198
- Others	9,216,562.15	(36,377,394)
	<u>24,667,715.00</u>	<u>(33,330,196)</u>
Other Payable	126,386,657.79	81,163,753
Deposit Other	-	2,206,578
Provision for Compensation	-	118,060
Provision for Bonus	1,668,575.21	-
	<u>152,722,948.00</u>	<u>50,158,195</u>

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ECU WORLDWIDE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December,

	<u>2021</u>	<u>2020</u>
	Rs. Cts.	Rs.
12. Revenue		
Export Income	420,242,426.07	172,411,031
Import Income	357,127,652.72	172,800,399
	<u>777,370,078.79</u>	<u>345,211,430</u>
13. Other Income		
Exchange Gain	-	12,346,536
Other Income	-	4,849
Balance Written Off	10,818.50	-
Over Provision of Expenses	-	309,551
	<u>10,818.50</u>	<u>12,660,936</u>
14. Profit from Operations		
Profit from operations is stated after charging all expenses including the following:		
Audit Fees	192,000.00	172,832
Depreciation	647,209.82	1,175,473
Staff Cost (Note 14.1)	20,299,891.14	17,917,844
Note (14.1)		
<u>Staff Cost</u>		
Staff Salaries	12,175,600.49	12,253,701
Staff Allowances	3,183,919.94	3,329,173
Contributions to Employees' Provident Fund	2,646,869.57	1,470,444
Contributions to Employees' Trust Fund	397,030.43	367,611
Staff Bonus	1,668,575.21	-
Staff Welfare	227,895.50	496,915
	<u>20,299,891.14</u>	<u>17,917,844</u>
15. Net Finance Income		
<u>Finance Income</u>		
Interest on Fixed Deposit	1,338,550.03	1,181,150
Staff Loan Interest	521.29	5,215
	<u>1,339,071.32</u>	<u>1,186,365</u>
16. Income Tax Expenses		
Provision for the Year	(3,581,480.00)	(3,081,042)
Previous Year Over / (Under) Provision	(1,630,412.00)	(298,896)
	<u>(5,211,892.00)</u>	<u>(3,379,938)</u>



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ECU WORLDWIDE LANKA (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31st December 2021

17 Related Party

17.1. Transactions with Key Management Personnel

17.1.1. The Compensation of KMPs

For the Year Ended 31st December	2021		2020	
	Executive Directors Rs. '000	Non-Executive Directors Rs. '000	Executive Directors Rs. '000	Non-Executive Directors Rs. '000
Short-term employment benefit	Nil	Nil	Nil	Nil
Post-employment benefit - Defined Benefit Plans	Nil	Nil	Nil	Nil
Loans given to Key Management Personnel during the year (Other long-term benefits)	Nil	Nil	Nil	Nil
Termination benefits	Nil	Nil	Nil	Nil
Share-based payment benefits	Nil	Nil	Nil	Nil

17.2. Dealings with Related Parties

Name of the Company and Relationship	Common Directors	Nature of Transaction	Amount of Outstanding Balances / Amount of the Transaction (Rs.)
ECU International Far East Limited	Nil	Long Term loan	(1,325,000.00)

- Credit balances are noted within brackets

17.3. The Board of Directors confirm that the related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated and all relevant transactions which needed disclosure been disclosed above and there are no related party transactions other than those disclosed above.

18. Capital Commitments

No known Capital Commitments were exist as at the reporting date.

19. Contingencies

No known contingent liabilities exist as at the Reporting date.

20. Events After the Reporting Period

There have been no material events occurring after the reporting date that require adjustments or disclosures in the financial statements.

21. Existing Shareholdings (Voting)

Name	As at 31.12.2021	As at 31.12.2020
ECU International Far East Ltd	40	40
Ernest Maximus Rathna Egodawatte	60	60



ECU WORLDWIDE LANKA (PRIVATE) LIMITED
DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December,

	<u>2021</u>	<u>2020</u>
	Rs. Cts.	Rs.
1. <u>Revenue</u>		
<u>Export Income</u>		
Operational Revenue	53,484,033.30	44,683,642
Operational Revenue - GP Adjustment	19,047,824.74	(1,463,461)
Export Transport Income	173,154.33	170,000
Operational Revenues - Exports - Intercompany	347,537,413.70	129,020,850
	<u>420,242,426.07</u>	<u>172,411,031</u>
 <u>Import Income</u>		
Operational Revenue	324,744,102.45	148,038,961
Operational Revenue - GP Adjustment	1,406,085.19	1,537,885
Import Clearance Income	65,322.65	96,583
Import Transport Income	149,892.71	83,980
Operational Revenues - Imports - Intercompany	30,762,249.72	23,042,990
	<u>357,127,652.72</u>	<u>172,800,399</u>
Total	<u>777,370,078.79</u>	<u>345,211,430</u>
 2. <u>Cost of Sales</u>		
<u>Export Cost of Sales</u>		
Operational Costs	296,835,830.43	113,731,870
Operational Costs - GP Adjustment	34,366,200.89	(13,240,549)
Transport - Export	1,435,506.29	1,425,240
Clearance	157,325.00	137,720
Operational Costs - Exports - Intercompany	36,034,905.44	30,756,945
	<u>368,829,768.05</u>	<u>132,811,226</u>
 <u>Import Cost of Sales</u>		
Operational Costs - Import	191,290,297.12	77,853,643
Operational Costs - GP Adjustment	8,701,629.76	(13,301,581)
Transport - Import	1,726,212.02	1,440,246
Clearance	44,673.14	664,915
Operational Costs - Imports - Intercompany	117,801,129.56	82,599,116
	<u>319,563,941.60</u>	<u>149,256,339</u>
Total	<u>688,393,709.65</u>	<u>282,067,565</u>

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ECU WORLDWIDE LANKA (PRIVATE) LIMITED
DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS
For the Year Ended 31st December,

	<u>2021</u>	<u>2020</u>
	Rs. Cts.	Rs.
3. <u>Administration Expenses</u>		
Staff Salaries and Wages	12,175,600.49	12,253,701
Contribution to Employees' Provident Fund	2,646,869.57	1,470,444
Contribution to Employees' Trust Fund	397,030.43	367,611
Staff House Rent Allowance	-	176,550
Staff Vehicle / Conveyance Allowance	3,183,919.94	3,329,173
Sales Incentive	-	720,000
Travel Leave	-	36,000
Gratuity	671,261.25	443,455
Bonus	1,668,575.21	-
Staff Welfare Expenses	227,895.50	496,915
Management Fees	9,544,338.28	3,213,854
Telephone	2,361,223.52	1,910,742
Courier Domestic	207,510.00	57,650
Office Rent	3,764,950.00	3,600,978
Local Travel Expenses	353,064.99	263,165
Foreign Travel Expenses (Business)	685,594.04	685,174
Electricity Expenses	429,080.19	519,226
Maintenance for Office	329,550.00	313,975
Maintenance for Office Equipments	163,164.98	126,764
Maintenance for Vehicles	117,365.00	63,290
Maintenance Other	12,500.00	13,560
Professional Fees	203,360.00	185,100
Balances Written off	-	11,547,117
Donations	8,900.00	10,000
Entertainment Expenses	293,840.04	216,972
Advertising	120,000.00	124,568
Audit Fees	192,000.00	172,832
Office Expenses	636,520.42	794,770
Printing and Stationary	457,972.80	859,871
Provision for Doubtful Debts	-	9,524,494
Insurance MTO Charges	928,703.30	865,575
Depreciation	647,209.82	1,175,473
Amortization	55,000.00	-
Subscription and Membership	103,641.62	80,738
Bank Charges	289,199.63	182,028
Outsourcing Fees	2,755,824.80	3,402,656
Software Maintenance Fee	7,558,471.55	-
Medical Insurance	462,648.68	475,476
Tax Penalties	6,535.90	7,500
Annual Software license/support fees - Third parties	96,041.70	-
Other Fees	7,776,117.86	4,335,800
	<u>61,531,481.51</u>	<u>64,023,197</u>
4. <u>Other Expenses</u>		
Exchange Loss	4,752,219.47	-
	<u>4,752,219.47</u>	<u>-</u>

