ECU WORLDWIDE (UGANDA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

COMPANY INFORMATION

DIRECTOR	: Saleem Mohamed Nazir Mohammed Husein
COMPANY SECRETARIES	: Equatorial Secretaries and Registrars Limited : P. O. Box 24544 : Kampala
INDEPENDENT AUDITOR	: PKF Uganda : Certified Public Accountants Plot 1B, Kira road : P. O. Box 24544 : Kampala
REGISTERED OFFICE	: 3rd Floor Lugogo Bypass : Mirembe Business Centre : P. O. Box 40214-50310 : Kampala
PRINCIPAL BANKER	: Stanbic Bank Uganda : P. O. Box 7131 : Kampala
PARENT	: ECUHOLD NV : Schomhoeveweg : 152030 Antwerp : Belgium

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The principal activities of the company are those of providing facilities and services of clearing and forwarding of goods by land, sea or air.

RESULTS	**2018 Shs '000**	**2017 Shs '000**
Loss before tax	(264,857)	(527,167)
Tax	-	-
Loss for the year	(264,857)	(527,167)

SHARE CAPITAL

The authorised share capital is Shs. 305,500,000 (2017: Shs. 305,500,000) representing 305,500 (2017: 305,500)

The issued and paid up share capital is Shs.105,000,000 (2017: Shs. 105,000,000) representing 105,000 shares of Shs. 1,000 per share.

DIVIDEND

The directors do not recommend the declaration of a dividend for the period (2017 : Nil).

DIRECTORS

The directors who held office during the year and at 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.

INDEPENDENT AUDITOR

The company's auditor, PKF Uganda, has indicated its willingness to continue in office in accordance with the Uganda Companies Act, 2012.

BY ORDER OF THE BOARD

DIRECTOR

KAMPALA

2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Ugandan Companies Act, 2012 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs 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 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 and the requirements of the Ugandan Companies Act, 2012. The directors are also responsible for safeguarding the assets of 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 these financial statements in accordance with the International Financial Reporting Standards for Small and Medium sized Entities and in the manner required by the Ugandan Companies Act, 2012. They also accept responsibility for:

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

The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2018 and the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sizes Entities and the requirements of the Ugandan Companies Act, 2012.

In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain 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.

So far as each of the directors are aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on ___________________ 2019 and signed on its behalf by:

___________________ ___________________

DIRECTOR **DIRECTOR**

Report of the independent auditor to the members of ECU Worldwide (Uganda) Limited.

Opinion

We have audited the financial statements of ECU Worldwide (Uganda) Limited set out on pages 7 to 19 which comprise the statement of financial position as at 31 December 2018,statement of changes in equity, statement of profit or loss 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 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Ugandan Companies Act, 2012.

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, 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.

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial statements, which indicates that the company incurred a net loss of Shs. 258 million (2017: Shs. 527 million) during the year ended 31 December 2018 and as of that date, the Company's current liabilities exceeded its current assets by Shs.806 millon (2017: Shs. 566 million). These conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the schedule of expenditure but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the independent auditor to the members of ECU Worldwide (Uganda) Limited (continued)

Responsibilities of directors for the financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS for Small and Medium sized Enteprises and the requirements of the Ugandan Companies Act, 2012, 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 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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 director's 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 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 of the independent auditor to the members of ECU Worldwide (Uganda) Limited (continued)

Report on Other Legal and Regulatory Requirements

As required by the Ugandan Companies Act, 2012 we report to you, based on our audit, that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
(ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
(iii) the company's statement of financial position and statement of profit or loss are in agreement with the books of account.

The engagement partner responsible for this audit resulting in this independent auditor's report is CPA Charles Oguttu.

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Certified Public Accountants
Kampala

___________________________2019

REF: CO/E020/ /19

STATEMENT OF PROFIT OR LOSS

	Notes	2018 Shs '000	2017 Shs '000
Revenue	3	59,455	288,276
Administrative expenses		(232,447)	(627,869)
Other operating expenses		(57,148)	(122,408)
Operating loss	4	(230,140)	(462,001)
Finance costs	6	(34,717)	(65,166)
Loss before tax		(264,857)	(527,167)
Tax	7	-	-
Loss for the year		(264,857)	(527,167)

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

STATEMENT OF FINANCIAL POSITION

EQUITY	**Notes**	**2018 Shs '000**	**2017 Shs '000**
Share capital	8	105,000	105,000
Capital pending allotment		68,700	68,700
Accumulated losses		(1,128,116)	(863,259)
Deficit in share holder's funds		(954,416)	(689,559)
Non-current liabilities			
Borrowings	9	189,200	180,550
		(765,216)	(509,009)
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	11	40,864	57,435
Current assets			
Trade and other receivables	12	83,231	376,019
Cash and cash equivalents	13	38,724	155,985
		121,955	532,004
Current liabilities			
Trade and other payables	14	928,035	1,098,448
		928,035	1,098,448
Net current liabilities		(806,080)	(566,444)
		(765,216)	(509,009)

The financial statements on pages 7 to 18 were authorised and approved for issue by the Board of Directors on ______________________ 2019 and were signed on its behalf by:

______________________ DIRECTOR ______________________ DIRECTOR

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

STATEMENT OF CHANGES IN EQUITY

	Share capital Shs '000	Share capital pending allotment Shs '000	Accumulated loss Shs '000	Total Shs '000
Period ended 31 December 2018				
At start of year	105,000	68,700	(863,259)	(689,559)
Loss for the year	-	-	(264,857)	(264,857)
At end of year	105,000	68,700	(1,128,116)	(954,416)
Period ended 31 December 2017				
At start of period	105,000	68,700	(336,092)	(162,392)
Share capital paid	-		-	-
Loss for the period	-	-	(527,167)	(527,167)
At end of period	105,000	68,700	(863,259)	(689,559)

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

STATEMENT OF CASH FLOWS

	Notes	2018 Shs '000	2017 Shs '000
Cash flows from operating activities			
Loss before tax		(264,857)	(527,167)
Adjustments for:			
Depreciation on property, plant and equipment	11	11,571	16,229
Changes in working capital :			
- trade and other receivables	12	292,788	(259,338)
- trade and other payables	14	(170,413)	821,495
Net cash from operating activities		(130,911)	51,219
Investing activities			
Proceeds from sale of property and equipment	11	5,000	-
Net cash used in investing activities		5,000	-
Financing activities			
Proceeds from borrowings		8,650	4,850
Increase in cash and cash equivalents		8,650	4,850
(Decrease)/increase in cash and cash equivalents		(117,261)	56,069
Movement in cash and cash equivalents			
At start of year		155,985	99,916
Decrease/increase		(117,261)	56,069
At end of year	13	38,724	155,985

The notes on pages 11 to 18 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

NOTES: SIGNIFICANT ACCOUNTING POLICIES

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

1. **General information**

ECU Worldwide (Uganda) Limited is a limited liability company incorporated in Uganda under the Companies Act of Uganda 2012 as a private company limited by shares, and is domiciled in Uganda. It is located on 3rd Floor, Lugogo Bypass,Mirembe Business Centre P.O. Box 40214-50310, Kampala. The principal activities of the company are to provide facilities and services of clearing and forwarding of goods by land, sea or air.

2(a) **Basis of preparation**

The financial statements of ECU World Wide (Uganda) Limited have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) with early adoption of the 2016 amendments to the standard. The early adoption of the amendments has not resulted in any prior period restatements or other material changes in presentation.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, property, plant and equipment, biological assets and derivative financial instruments at fair value.

The preparation of financial statements in conformity with International Financial Reporting Standard for Small and Medium-sized Entities, require 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 estimates are significant to the financial statements, are disclosed in paragraph (2b) below.

These financial statements comply with the requirements of the Ugandan Companies Act, 2012. The statement of profit or loss and retained earnings represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the Director's report and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position.

The company incurred a net loss of Shs.264 million (31 December 2017: Shs. 527 million) during the year ended 31 December 2018 and as of that date, the Company’s current liabilities exceeded its current assets by Shs. 806 millon (31 December 2017: Shs. 566 million). These conditions, along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

b) **Key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

- **Useful lives of property, plant and equipment** - Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

c) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods 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 company.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods 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 company.

The 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.

Sales of services are recognised upon performance of the services rendered by reference to the stage of completion of the service contract.

d) **Property, plant and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. 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 a reducing balance basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Computer equipment	33.3%
Office, Equipment and Furniture	15%
Motor vehicles	25%

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 and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

e) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Uganda Shilling (the functional currency), at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Uganda Shilling 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.

f) **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.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) **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.

h) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks.

i) **Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

j) **Current and deferred income tax**

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 and equity.

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

k) **Impairment of non-financial assets other than inventories**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companied at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) **Employee benefit obligations**

The company and all its employees contribute to the National Social Security Fund, which is a defined contribution scheme. The company's contributions are charged to profit or loss in the year in which they fall due. The company has no further obligation once the contributions have been paid.

n) **Share capital**

Ordinary shares are classified as equity.

o) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

NOTES

		2018	2017
3.	**Revenue**	**Shs '000**	**Shs '000**
	Revenue from services	59,455	288,276
4	**Operating loss**		
	The following items have been charged in arriving at the operating loss:		
	Depreciation on property, plant and equipment (Note 11)	11,571	16,229
	Auditor fees	3,487	7,100
	Repairs and maintenance	5,235	13,855
	Staff costs (Note 5)	103,669	534,926
5	**Staff costs**		
	Salaries and wages	98,276	486,958
	NSSF company contribution	5,393	47,968
		103,669	534,926
6	**Finance costs**		
	Interest expense	3,751	2,709.00
	Unrealised forex loss	11,620	34,677
	Realised exchange loss	19,346	27,780
	Total finance costs	34,717	65,166
7	**Tax**		
	Current tax	-	-
	Deferred tax credit (Note 10)	-	-
		-	-
	The tax on the company's loss before tax differs from the theoretical amount that would arise using the basic rate as follows:		
	Loss before tax	(264,857)	(527,166)
	Tax calculated at a tax rate of 30% (2017 : 30%)	(79,457)	(158,150)
	Tax effect of:		
	-expenses not deductible for tax purposes	16,946	2,543
	-Un recognised movement in deferred tax	66,482	151,635
	Under provision in prior years	(3,971)	3,972
		-	-
8	**Share capital**		
	Ordinary shares		
	Authorised		
	305,500 (2017: 305,500) ordinary shares of shs. 1,000 each	305,500	305,500
	Issued and fully paid		
	105,000 (2017:105,000) ordinary shares of Shs. 1,000 each	105,000	105,000

NOTES (CONTINUED)

9. Borrowings

The borrowings are made up as follows:

	2018 Shs '000	2017 Shs '000
Non-current		
Borrowings from related parties (Note 15 (v))	189,200	180,550

The company is controlled by Ecu Hold NV Limited incorporated in Belgium, which owns 99% of the company's shares.The remaining 1% of the shares are held by Ecu Global Services Nv.

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

10. Deferred tax

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

	2018 Shs '000	2017 Shs '000
At start of year/period	(251,744)	(100,108)
Credit to profit or loss (Note 7)	(66,482)	(151,636)
At end of year/period	(318,226)	(251,744)

Deferred tax liabilities and (assets) and deferred tax charge to profit or loss are attributable to the following items:

	At start of period Shs '000 (Un recognised)	Credit to profit or loss Shs '000 (Un recognise	At end of period Shs '000 (Un recognised)
Deferred tax liabilities			
Property, plant and equipment:			
- historical cost	3,161	174	3,335
Unrealised exchange gain	11,222	16,141	27,363
Start up costs	1,986	(1,986)	-
	16,369	14,329	30,698
Deferred tax assets			
Tax losses carried forward	(243,225)	(80,811)	(324,036)
Unrealised exchange loss	(24,888)	-	(24,888)
	(268,113)	(80,811)	(348,924)
Net deferred tax asset	(251,744)	(66,482)	(318,226)

NOTES (CONTINUED)

11. **Property, plant and equipment**

	Computer equipment Shs '000 33%	Office Equipment & Furniture Shs '000 15%	Motor Vehicles Shs '000 25%	Total Shs '000
Cost				
At start and end of year	18,953	37,484	40,000	96,437
Disposal	-	(6,920)	-	(6,920)
	18,953	30,564	40,000	89,517
Depreciation				
At start of year	11,009	10,493	17,500	39,002
Disposal	-	(1,920)	-	(1,920)
Charge for the year	2,648	3,299	5,625	11,571
At end of year	13,657	11,871	23,125	48,653
Net book value - 31 December 2018	5,296	18,693	16,875	40,864
Net book value - 31 December 2017	7,944	26,991	22,500	57,435

12. **Trade and other receivables**

	2018 Shs '000	**2017 Shs '000**
Trade receivables	25,859	285,095
Less: provision for impairment	(44,247)	-
Net trade receivables	(18,388)	285,095
Deposits and prepayments	10,702	10,958
Other receivables	21,434	10,081
Receivables from related parties (Note 15(iii))	69,483	69,885
	83,231	376,019

13. **Cash and cash equivalents**

Cash at bank and in hand	38,724	155,985

For the purpose of the statement of cash flows, the year-end cash and cash equivalents comprise the above:

14. **Trade and other payables**

	2018 Shs '000	**2017 Shs '000**
Trade payables	56,888	356,545
Accruals	65,696	90,960
Other payables	628,071	119,393
Payables to related parties (Note 15(iv))	177,380	531,550
	928,035	1,098,448

15. **Related party transactions and balances**

The company is controlled by Ecu Hold NV Limited incorporated in Belgium, which owns 99% of the company's shares.The remaining 1% of the shares are held by Ecu Global Services Nv.

The following transactions were carried out with related parties:

	2018 Shs '000	2017 Shs '000
i) Sale of goods and services		
Parent	65,529	7,465
Associate	336,336	173,415
Total sales with related parties	401,865	180,880
ii) Purchase of goods and services		
Parent	55,385	211,528
Associate	146,826	719,864
Total purchases from related parties	202,212	931,392
a) Outstanding balances arising from sale/purchase of goods		
iii) Receivables from related parties (Note 12)		
All Cargo Logistics Limited	-	53,021
ECU-Line Japan (Osaka-Kobe)	-	2,983
ECU Worldwide South Africa (PTY) Limited	-	13,881
ALLCARGO MADRAS	737	-
ALLCARGO NEW DELHI	41,987	-
ECU Worldwide (Belguim) N.V.	2,830	-
ALLCARGO BOMBAY	23,929	-
	69,483	69,885
iv) Payables to related parties (Note 14)		
ECU HOLD	1,692	-
ALLCARGO MADRAS	2,029	-
ALLCARGO NEW DELHI	108,686	-
ECU HOLD	2,768	-
ECUKENYA	10,649	
ECU LOS ANGELES	8,201	-
ALLCARGO LOGISTICS LIMITED	1,290	-
ECUKENYA	42,063	-
ECU - Line USA LLC	-	8,032
All Cargo Logistics Limited	-	290,662
All Cargo Tirupur	-	5,651
ECU Hold NV	-	910
ECU world wide (Kenya) Limited	-	212,519
ECU Worldwide Miami	-	596
ECU Worldwide South Africa PTY Ltd	-	9,028
ECU Worldwide Turkey Tasimacilik Ltd Sirketi	-	4,153
	177,380	531,550

NOTES (CONTINUED)

15. **Related party transactions and balances (continued)**

v) Loans from related parties (Parent) (Note 9)

	2018 Shs'000	**2017 Shs'000**
At start of year	180,550	175,700
Advances	-	-
Exchange differences	8,650	4,850
At end of year	189,200	180,550

The loans from related parties are at an interest of 2% p.a, have no specific dates of repayment and are unsecured.

SCHEDULE OF OTHER OPERATING INCOME AND EXPENDITURE

		2018 Shs '000	2017 Shs '000
2	**ADMINISTRATIVE EXPENSES**		
	Employment:		
	Salaries and wages	98,276	486,958
	NSSF company contribution	5,393	47,968
	Total employment costs	103,669	534,926
	Other administration expenses:		
	Other operating charges	-	5,657
	Bank fees	3,737	5,625
	Computer/office supplies	273	518
	Management and consultancy fees	2,118	15,615
	Accounting fees	-	10,729
	Other office expenses	75	2,131
	Audit fees	3,487	7,100
	Legal fees	6,097	-
	Provision for bad debts	44,247	-
	Bad debts written off	41,550	-
	Fines and penalties	11,296	
	Under provision of audit fees in prior year	-	7,804
	Entertainment	-	40
	Printing and stationery	2,091	3,230
	Postage	-	-
	Communication expenses - Internet fees	3,803	4,144
	Travel expenses (own staff) - local	1,265	1,480
	Courier charges	82	220
	Travel expenses (own staff) - International	3,436	20,310
	Tax penalties	-	3,400
	Commissions and incentives	-	1,798
	Annual software licence fees	3,414	1,374
	Agency fees	1,807	1,768
	Total other administration expenses	128,778	92,943
	Total administrative expenses	232,447	627,869
2	**OTHER OPERATING EXPENSES**		
	Establishment:		
	Rent, rates and taxes	35,881	67,735
	Licenses and subscription	1,115	17,870
	Electricity and water	3,271	6,719
	Insurance	75	-
	Repairs and maintenance	5,235	13,855
	Depreciation on property, plant and equipment	11,571	16,229
	Total other operating expenses	57,148	122,408
3	**FINANCE COSTS**		
	Interest expense	3,751	2,708
	Unrealised exchange loss	11,620	34,678
	Realised exchange loss	19,346	27,780
	Total finance costs	34,717	65,166

PERIOD COVERED: 12 MONTHS

	2018	2017
Loss per financial statements	(264,857,000)	(527,167,000)
Depreciation on property, plant and equipment	11,570,695	16,229,000
Provision for annual software license fees	44,247,000	1,374,000
Entertainment expense	-	40,000
Other office expenses	950,000	950,000
Fines and penalties	11,296,000	3,400,000
Interest on related party loans (to the extent not allowable)	-	2,708,000
Pre-operating/start up costs for 2015	-	26,482,000
Unrealised exchange loss	-	72,083,868
	68,063,695	123,266,868
Less		
Wear and tear	12,152,574	19,178,644
Start up costs	6,620,500	6,620,500
Unrealised exchange gain	53,804,279	37,405,979
	72,577,353	63,205,123
Adjusted tax loss for the period	(269,370,658)	(467,105,255)
Adjusted loss b/f	(810,749,982)	(343,644,727)
Adjusted loss c/f	(1,080,120,640)	(810,749,982)
Tax at 30%	**NIL**	**NIL**

WEAR AND TEAR SCHEDULE

	Class (i) 40% Shs	Class (ii) 35% Shs	Class (iv) 20% Shs	Total Shs
Written down value 1.1.2018	6,190,064	16,900,000	**23,807,741**	46,897,805
Additions	-	-	-	-
	6,190,064	**16,900,000**	**23,807,741**	**46,897,805**
Disposals	**-**	**-**	**(5,000,000)**	**(5,000,000)**
	6,190,064	**16,900,000**	**18,807,741**	**41,897,805**
Wear and tear allowance	(2,476,026)	(5,915,000)	(3,761,548)	(12,152,574)
Written down value 31.12.2018	**3,714,038**	**10,985,000**	**15,046,193**	**29,745,231**

Startup costs

	Period	Cost Shs	Residue B/forward Shs	Allowance 25% Shs	Residue C/forward Shs
Pre-operating/startup	June 2015	26,482,000	6,620,500	6,620,500	-
		26,482,000	6,620,500	6,620,500	-