

**ECU WORLD WIDE (KENYA) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

*Ecu Worldwide (Kenya) Limited*  
*Annual report and consolidated financial statements*  
*For the year ended 31 December 2022*

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**REPORT OF THE DIRECTORS**

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 2022, which disclose the state of affairs of the company and the group.

**PRINCIPAL ACTIVITIES**

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

**BUSINESS REVIEW**

During the year 2022, the total turnover of the company increased from Shs 488,195,249 in 2021 to Shs 697,003,012 in 2022. This increase was mainly attributed to new routes in the current year resulting to surge in revenue. The profit before tax increased from Shs 15,952,285 in 2021 to Shs 36,570,595 in 2022 primarily due to the effects of increase in revenue.

As at 31 December 2022, the net asset position of the group was Shs 30,377,883 compared to Shs 20,324,111 as at 31 December 2021 and for that of company was Shs 30,670,954 in 2022 compared to Shs 20,505,444 in 2021.

Key performance indicators	Group		Company	
	2022	2021	2022	2021
Turnover (Shs)	697,003,012	487,987,249	697,003,012	488,195,249
Gross profit (Shs)	183,279,215	133,469,758	182,311,215	132,589,758
Gross Profit Margin (%)	26%	27%	26%	27%
Profit for the year (Shs)	25,053,983	9,451,226	25,165,510	9,692,288
Net assets (Shs)	30,377,883	20,324,111	30,670,954	20,505,444

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

**Credit risk**

The group's/company's principal financial assets are cash and bank balances and trade and other receivables which consist primarily of related party balances. The group's/company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made in line with impairment accounting policy outlined under Note 2(b) (significant accounting policies). The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties.

.....continued on page 3

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**REPORT OF THE DIRECTORS**

***Cash flow and foreign currency risk***

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

***Liquidity risk***

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

**DIVIDEND**

The directors propose a final dividend of Shs 32,500 per share (2021: Shs 18,750 per share) amounting to a total of Shs 26,000,000 (2021: Shs. 15,000,000).

**DIRECTORS**

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

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

**STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR**

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

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

**TERMS OF APPOINTMENT OF THE AUDITOR**

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

**BY ORDER OF THE BOARD**

  
\_\_\_\_\_  
**DIRECTOR**  
**MOMBASA**

9/05/ 2023

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2022 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the requirements of the Kenyan Companies Act, 2015.

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

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

Approved by the board of directors on 9/05/ 2023 signed on its behalf by:

DIRECTOR

DIRECTOR



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

**Opinion**

We have audited the consolidated financial statements of Ecu Worldwide (Kenya) Limited and its subsidiary (the Group), set out on pages 7 to 26 which comprise the consolidated and company statements of financial position as at 31 December 2022, the consolidated and company statements of profit or loss, consolidated and company statements of changes in equity and the consolidated and company statements of cash flows the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company financial position as at 31 December 2022, and of the consolidated and company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Kenyan Companies Act, 2015.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

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

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

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

**Responsibilities of Directors for the Financial Statements**

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

.....continued on page 6

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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



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

22-5- 2023

0062/2023



*Ecu Worldwide (Kenya) Limited*  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Notes	2022 Shs	2021 Shs
Revenue	3	697,003,012	487,987,249
Cost of sales		<u>(513,723,797)</u>	<u>(354,517,491)</u>
<b>Gross profit</b>		183,279,215	133,469,758
Other income	4	4,817,115	3,796,040
Administrative expenses		(132,053,709)	(102,117,413)
Other operating expenses		<u>(18,921,103)</u>	<u>(18,498,463)</u>
<b>Operating profit</b>		37,121,518	16,649,922
Finance cost	7	<u>(662,450)</u>	<u>(1,198,895)</u>
<b>Profit before tax</b>		36,459,068	15,451,027
Tax charge	8	<u>(11,405,085)</u>	<u>(5,999,801)</u>
<b>Profit for the year</b>		<u>25,053,983</u>	<u>9,451,226</u>
<b>Attributable to:</b>			
Owners of the company		25,055,098	9,453,637
Non-controlling interests		<u>(1,115)</u>	<u>(2,411)</u>
		<u>25,053,983</u>	<u>9,451,226</u>

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

Report of the independent auditor - pages 5 - 6.

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**COMPANY STATEMENT OF PROFIT OR LOSS**

	Notes	2022 Shs	2021 Shs
Revenue	3	697,003,012	488,195,249
Cost of sales		<u>(514,691,797)</u>	<u>(355,605,491)</u>
<b>Gross profit</b>		182,311,215	132,589,758
Other income	4	4,817,115	3,781,633
Administrative expenses		(131,037,113)	(101,092,948)
Other operating expenses		<u>(18,858,172)</u>	<u>(18,435,813)</u>
<b>Operating profit</b>		37,233,045	16,842,630
Finance cost	7	<u>(662,450)</u>	<u>(1,198,896)</u>
<b>Profit before tax</b>		36,570,595	15,643,734
Tax charge	8	<u>(11,405,085)</u>	<u>(5,951,446)</u>
<b>Profit for the year</b>		<u><u>25,165,510</u></u>	<u><u>9,692,288</u></u>

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

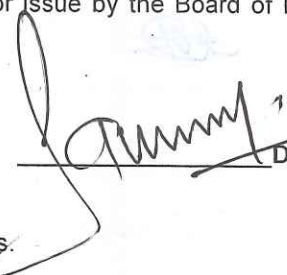
Report of the independent auditor - pages 5 - 6.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at 31 December	
	Notes	2022 Shs	2021 Shs
<b>CAPITAL EMPLOYED</b>			
Share capital	10	4,000,000	4,000,000
Proposed dividends		26,000,000	15,000,000
Retained earnings		379,209	1,324,111
<b>Equity attributable to owners of the company</b>		<u>30,379,209</u>	<u>20,324,111</u>
Non-controlling interests		<u>(1,326)</u>	<u>(211)</u>
		<u>30,377,883</u>	<u>20,323,900</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Vehicles and equipment	12	18,495,903	23,018,448
Intangible asset	13	38,865	55,522
Deferred tax	14	7,933,636	5,515,313
		<u>26,468,404</u>	<u>28,589,283</u>
<b>Current assets</b>			
Trade and other receivables	16	123,086,811	67,238,864
Cash and cash equivalents	17	25,113,515	18,782,244
Tax recoverable		-	938,424
		<u>148,200,326</u>	<u>86,959,532</u>
<b>Current liabilities</b>			
Borrowings	11	-	14,381,480
Trade and other payables	18	136,612,457	80,843,435
Tax payables		7,678,390	-
		<u>144,290,847</u>	<u>95,224,915</u>
<b>Net current assets/(liabilities)</b>		<u>3,909,479</u>	<u>(8,265,383)</u>
		<u>30,377,883</u>	<u>20,323,900</u>

The financial statements on pages 7 to 26 were approved and authorised for issue by the Board of Directors on 9/05/2023 and were signed on its behalf by:

 **DIRECTOR**

 **DIRECTOR**

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

Report of the independent auditor - pages 5 - 6.

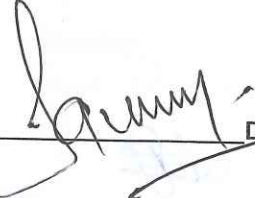
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**COMPANY STATEMENT OF FINANCIAL POSITION**

		As at 31 December	
	Notes	2022 Shs	2021 Shs
<b>CAPITAL EMPLOYED</b>			
Share capital	10	4,000,000	4,000,000
Proposed dividends		26,000,000	15,000,000
Retained earnings		670,954	1,505,444
<b>Equity attributable to owners of the company</b>		<u>30,670,954</u>	<u>20,505,444</u>
<b>REPRESENTED BY</b>			
<b>Non-current assets</b>			
Vehicles and equipment	12	18,495,903	23,018,448
Intangible asset	13	38,865	55,522
Deferred tax	14	7,933,636	5,515,313
Investment in subsidiary	15	999,000	999,000
		<u>27,467,404</u>	<u>29,588,283</u>
<b>Current assets</b>			
Trade and other receivables	16	123,082,011	67,238,864
Cash and cash equivalents	17	24,504,092	18,012,894
Tax recoverable		-	541,318
		<u>147,586,103</u>	<u>85,793,076</u>
<b>Current liabilities</b>			
Borrowings	11	-	14,381,480
Trade and other payables	18	136,255,457	80,494,435
Tax payables		8,127,096	-
		<u>144,382,553</u>	<u>94,875,915</u>
<b>Net current assets/(liabilities)</b>		<u>3,203,550</u>	<u>(9,082,839)</u>
		<u>30,670,954</u>	<u>20,505,444</u>

The financial statements on pages 7 to 26 were approved and authorised for issue by the Board of Directors on 9/05/2023 and were signed on its behalf by:

  
 \_\_\_\_\_ DIRECTOR

  
 \_\_\_\_\_ DIRECTOR

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

Report of the independent auditor - pages 5 - 6.



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

	Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total equity attributable to the owners Shs	Non-controlling interests Shs	Total Shs
<b>Year ended 31 December 2022</b>						
As start of year	4,000,000	1,324,111	15,000,000	20,324,111	(211)	20,323,900
Profit for the year	-	25,055,098	-	25,055,098	(1,115)	25,053,983
Dividends: Final for 2021 (paid)	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Dividends: Final for 2022 (proposed)	-	(26,000,000)	26,000,000	-	-	-
At end of year	4,000,000	379,209	26,000,000	30,379,209	(1,326)	30,377,883
<b>Year ended 31 December 2021</b>						
As start of year	4,000,000	14,109,923	20,000,000	38,109,923	2,200	38,112,123
Profit for the year	-	9,453,637	-	9,453,637	(2,411)	9,451,226
Dividends: Final for 2020 (paid)	-	-	(20,000,000)	(20,000,000)	-	(20,000,000)
Dividends: Final for 2019 (paid)	-	(7,239,449)	-	(7,239,449)	-	(7,239,449)
Dividends: Final for 2021 (proposed)	-	(15,000,000)	15,000,000	-	-	-
At end of year	4,000,000	1,324,111	15,000,000	20,324,111	(211)	20,323,900

Report of the independent auditor - pages 5 - 6.

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**COMPANY STATEMENT OF CHANGES IN EQUITY**

	Share capital Shs	Retained earnings Shs	Proposed dividends Shs	Total Shs
<b>Year ended 31 December 2022</b>				
As start of year				
Profit for the year	4,000,000	1,505,444		20,505,444
Dividends: Final for 2021 (paid)	-	25,165,510	15,000,000	25,165,510
Dividends: Final for 2022 (proposed)	-	-	(15,000,000)	(15,000,000)
	<u>-</u>	<u>(26,000,000)</u>	<u>26,000,000</u>	<u>-</u>
At end of year	<u>4,000,000</u>	<u>670,954</u>	<u>26,000,000</u>	<u>30,670,954</u>
<b>Year ended 31 December 2021</b>				
As start of year				
Profit for the year	4,000,000	14,052,604	20,000,000	38,052,604
Dividends: Final for 2020 (paid)	-	9,692,289	-	9,692,289
Dividends: Final for 2019 (paid)	-	-	(20,000,000)	(20,000,000)
Dividends: Final for 2021 (proposed)	-	(7,239,449)	-	(7,239,449)
	<u>-</u>	<u>(15,000,000)</u>	<u>15,000,000</u>	<u>-</u>
At end of year	<u>4,000,000</u>	<u>1,505,444</u>	<u>15,000,000</u>	<u>20,505,444</u>

Report of the independent auditor - pages 5 - 6.

*Ecu Worldwide (Kenya) Limited*  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	2022 Shs	2021 Shs
<b>Cash flows from operating activities</b>			
Profit before tax		36,459,068	15,451,027
<b>Adjustments for:</b>			
Depreciation of vehicles and equipment	12	4,934,917	5,999,276
Amortisation of intangible asset	13	16,657	23,796
Interest income	4	-	(14,407)
Loss/(gain) on disposal of vehicles and equipment		1,868	(25,858)
Changes in working capital:			
- trade and other receivables		(55,847,947)	(15,664,166)
- trade and other payables		55,769,022	34,466,588
Tax paid		(5,206,593)	(10,446,095)
Net cash from operating activities		<u>36,126,992</u>	<u>29,790,161</u>
<b>Cash flows from investing activities</b>			
Cash paid for purchase of vehicles and equipment	12	(419,741)	(1,267,700)
Proceeds from disposal of vehicles and equipment		5,500	52,331
Proceeds from disposal of financial assets		-	1,478,389
Interest received	4	-	14,407
Net cash (used in)/from investing activities		<u>(414,241)</u>	<u>277,427</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(15,000,000)	(27,239,449)
Proceeds from borrowings		-	30,195,200
Repayment of borrowings		(14,381,480)	(26,771,791)
Net cash used in financing activities		<u>(29,381,480)</u>	<u>(23,816,040)</u>
<b>Increase in cash and cash equivalents</b>		<u>6,331,271</u>	<u>6,251,548</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		18,782,244	12,530,696
Increase		<u>6,331,271</u>	<u>6,251,548</u>
At end of year	17	<u>25,113,515</u>	<u>18,782,244</u>

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

Report of the independent auditor - pages 5 - 6.

**COMPANY STATEMENT OF CASH FLOWS**

	Notes	2022 Shs	2021 Shs
<b>Cash flows from operating activities</b>			
Profit before tax		36,570,595	15,643,735
<b>Adjustments for:</b>			
Depreciation of vehicles and equipment	12	4,934,917	5,999,276
Amortisation of intangible asset	13	16,657	23,796
Loss/(gain) on disposal of vehicles and equipment		1,868	(25,858)
Changes in working capital:			
- trade and other receivables		(55,843,147)	(15,664,930)
- trade and other payables		55,761,022	34,271,754
Tax paid		(5,154,993)	(10,410,095)
<b>Net cash from operating activities</b>		<u>36,286,919</u>	<u>29,837,678</u>
<b>Cash flows from investing activities</b>			
Cash paid for purchase of vehicles and equipment	12	(419,741)	(1,267,700)
Proceeds from disposal of vehicles and equipment		5,500	52,331
<b>Net cash used in investing activities</b>		<u>(414,241)</u>	<u>(1,215,369)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(15,000,000)	(27,239,449)
Proceeds from borrowings		-	30,195,200
Payments of borrowings		(14,381,480)	(25,745,253)
<b>Net cash used in financing activities</b>		<u>(29,381,480)</u>	<u>(22,789,502)</u>
<b>Increase in cash and cash equivalents</b>		<u>6,491,198</u>	<u>5,832,807</u>
<b>Movement in cash and cash equivalents</b>			
At start of year		18,012,894	12,180,087
Increase		6,491,198	5,832,807
<b>At end of year</b>	17	<u>24,504,092</u>	<u>18,012,894</u>

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

Report of the independent auditor - pages 5 - 6.



**NOTES:**

**1. General Information**

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

**2) Significant Accounting Policies**

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

**2. a) Basis of preparation**

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

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

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

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

**Going concern**

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

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

**b) Key sources of estimation uncertainty and judgements**

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

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

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

**NOTES (CONTINUED)**

**2) Significant Accounting Policies (continued)**

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

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

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

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

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

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

**c) Revenue recognition**

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

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

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

**d) Investment in subsidiaries/Consolidation**

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

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

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

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

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

**NOTES (CONTINUED)**

**2) Significant Accounting Policies (continued)**

**d) Investment in subsidiaries/Consolidation (continued)**

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

**- Changes in ownership interests in subsidiaries without change of control**

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

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

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

**- Disposal of subsidiaries**

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

**e) Intangible assets**

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

**f) Vehicles and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

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

**NOTES: (CONTINUED)**

**2) Significant Accounting Policies (continued)**

**f) Vehicles and equipment (continued)**

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

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

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

**g) Cash and cash equivalents**

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

**h) Financial assets**

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

**i) Financial liabilities**

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

**j) Accounting for leases**

**The group as a lessee**

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

**The group as a lessor**

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

**k) Translation of foreign currencies**

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

**l) Taxation**

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



**NOTES (CONTINUED)**

**2) Significant Accounting Policies (continued)**

**l) Taxation (continued)**

**Current tax**

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

**Deferred tax**

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

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

**Offsetting**

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

**m) Dividends**

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

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

**n) Employee benefit**

**Retirement benefit obligations**

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

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

**Accrued leave**

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

**o) Borrowing costs**

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

**p) Share capital**

Ordinary shares are classified as equity.

*Ecu Worldwide (Kenya) Limited*  
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**NOTES (CONTINUED)**

3. Revenue	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Exports	101,317,918	63,265,376	101,317,918	63,265,376
Imports	595,685,094	424,929,873	595,685,094	424,929,873
	<u>697,003,012</u>	<u>488,195,249</u>	<u>697,003,012</u>	<u>488,195,249</u>

**4. Other income**

Interest income	-	14,407	-	-
Profit on disposal of vehicles and equipment	-	25,858	-	25,858
Rental income	3,916,921	3,970,260	3,916,921	3,970,260
Miscellaneous Income	900,194	(214,485)	900,194	(214,485)
	<u>4,817,115</u>	<u>3,796,040</u>	<u>4,817,115</u>	<u>3,781,633</u>

**5. Operating profit**

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

Depreciation of vehicles and equipment (Note 12)	4,934,917	5,999,276	4,934,917	5,999,276
Amortisation of intangible asset (Note 13)	16,657	23,796	16,657	23,796
Operating lease rentals	11,356,995	8,690,264	11,356,995	8,690,264
Auditors' remuneration	1,119,800	855,000	915,266	855,000
Directors' remuneration and bonus	13,739,940	13,253,640	13,739,940	13,253,640
Trade receivables - Impairment (Note 16)	469,429	-	469,429	-
Staff costs (Note 6)	64,602,734	57,146,326	64,602,734	57,146,326

**6. Staff costs**

Salaries and wages	50,403,048	38,931,677	50,403,048	38,931,677
Staff training and welfare	8,013,948	7,330,485	8,013,948	7,330,485
Commissions and incentives	1,543,238	2,790,567	1,543,238	2,790,567
Severance pay	-	3,158,630	-	3,158,630
Training levy	18,650	16,750	18,650	16,750
Pension cost:				
- Defined contribution scheme	4,549,250	4,851,217	4,549,250	4,851,217
- National Social Security Fund	74,600	67,000	74,600	67,000
	<u>64,602,734</u>	<u>57,146,326</u>	<u>64,602,734</u>	<u>57,146,326</u>

The average number of persons employed during the year were:

	2022 No	2021 No	2022 No	2021 No
Operation	16	16	16	16
Sales	6	6	6	6
Management and administration	9	6	9	6
Total	<u>31</u>	<u>28</u>	<u>31</u>	<u>28</u>

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
7. Finance cost				
Unrealised exchange loss	-	685,801	-	685,801
Realised exchange loss	662,450	513,095	662,450	513,095
Net foreign exchange loss	<u>662,450</u>	<u>1,198,896</u>	<u>662,450</u>	<u>1,198,896</u>

8. Tax

Current tax	13,823,408	5,894,016	13,823,408	5,889,694
Deferred tax (credit)/charge (Note 14)	<u>(2,418,323)</u>	<u>105,785</u>	<u>(2,418,323)</u>	<u>61,752</u>
Tax charge	<u>11,405,085</u>	<u>5,999,801</u>	<u>11,405,085</u>	<u>5,951,446</u>

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

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Profit before tax	36,459,068	15,451,027	36,570,595	15,643,735
Tax calculated at a tax rate of 30% (2021: 30%)	10,937,720	4,635,308	10,971,179	4,693,120
Tax effect of expenses not deductible for tax purposes				
- income not subject to tax	-	(2,161)	-	-
- expenses not deductible for tax purposes	433,906	1,366,655	433,906	1,258,326
- deferred tax asset not recognised	<u>33,459</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax charge	<u>11,405,085</u>	<u>5,999,801</u>	<u>11,405,085</u>	<u>5,951,446</u>

9. Dividends

The directors propose a final dividend of Shs 32,500 per share (2021: Shs 18,750 per share) amounting to a total of Shs 26,000,000 (2021: Shs. 15,000,000).

In accordance with the Kenyan Companies Act, 2015, these financial statements reflect this dividend payable which is accounted for in the shareholders' funds as an appropriation of retained profits in the year ended 31 December 2022.

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

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
10. Share capital				
Authorised:				
1,500 (2021: 1,500) ordinary shares of Shs 5,000 each	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>
Issued and fully paid:				
800 (2021: 800) ordinary shares of Shs 5,000 each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

**NOTES (CONTINUED)**

	Group			
11. Borrowings	2022 Shs	2021 Shs	2022 Shs	2021 Shs

The borrowings are made up as follows:

Current				
Borrowings from parent	-	14,381,480	-	14,381,480

**12. Vehicles and equipment - Group and Company**

**The Group and the Company**

	Motor vehicles Shs	Computers and electronic equipment Shs	Furniture, fittings and equipment Shs	Specialised Racks and Shelves Shs	Total Shs
<b>Cost</b>					
At start of year	5,338,532	14,890,413	14,003,233	32,090,962	66,323,140
Additions	-	390,000	29,741	-	419,741
Disposals	-	(356,900)	(78,507)	-	(435,407)
At end of year	5,338,532	14,923,513	13,954,467	32,090,962	66,307,474
<b>Accumulated depreciation</b>					
At start of year	4,027,577	12,815,654	10,574,997	15,886,464	43,304,692
Disposals	-	(355,741)	(72,297)	-	(428,038)
Charge for the year	327,739	683,840	431,609	3,491,729	4,934,917
At end of year	4,355,316	13,143,753	10,934,309	19,378,193	47,811,571
<b>Net carrying amount</b>					
As at 31 December 2022	983,216	1,779,760	3,020,158	12,712,769	18,495,903
As at 31 December 2021	1,310,955	2,074,759	3,428,236	16,204,498	23,018,448

**13. Intangible assets**

	Group and Company	
	2022 Shs	2021 Shs
<b>Cost</b>		
At start and end of year	185,000	185,000
<b>Accumulated amortization</b>		
At start of year	129,478	105,682
Charge for the year	16,657	23,796
At end of year	146,135	129,478
<b>Net carrying amount</b>	38,865	55,522



NOTES (CONTINUED)

14. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows:

	Group		Company	
	Shs 2022	Shs 2021	Shs 2022	Shs 2021
At start of year	(5,515,313)	(5,621,098)	(5,515,313)	(5,577,065)
(Credit)/charge to profit or loss (Note 8)	<u>(2,418,323)</u>	<u>105,785</u>	<u>(2,418,323)</u>	<u>61,752</u>
At end of year	<u><u>(7,933,636)</u></u>	<u><u>(5,515,313)</u></u>	<u><u>(7,933,636)</u></u>	<u><u>(5,515,313)</u></u>

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

	At start of year Shs	(Credit)/charge to profit or loss Shs	At end of year Shs
<b>The Group</b>			
<b>Deferred tax liability</b>			
Vehicles and equipments	<u>(1,763,270)</u>	<u>(454,442)</u>	<u>(2,217,712)</u>
<b>Deferred tax assets</b>			
Tax losses	(108,329)	(33,459)	(141,788)
Other timing differences	<u>(3,752,043)</u>	<u>(1,963,881)</u>	<u>(5,715,924)</u>
	<u>(3,860,372)</u>	<u>(1,997,340)</u>	<u>(5,857,712)</u>
Deferred tax asset derecognised	<u>108,329</u>	<u>33,459</u>	<u>141,788</u>
<b>Net deferred tax asset</b>	<u><u>(5,515,313)</u></u>	<u><u>(2,418,323)</u></u>	<u><u>(7,933,636)</u></u>

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against. Deferred tax assets amounting to Shs 141,788 in respect of tax losses carried forward that can be carried forward against future taxable profits have been derecognised.

**The Company**

<b>Deferred tax liability</b>			
Vehicles and equipment	<u>(1,763,270)</u>	<u>(454,442)</u>	<u>(2,217,712)</u>
<b>Deferred tax assets</b>			
Provisions	(2,889,629)	(1,490,828)	(4,380,457)
Unrealised exchange differences	<u>(862,414)</u>	<u>(473,053)</u>	<u>(1,335,467)</u>
	<u>(3,752,043)</u>	<u>(1,963,881)</u>	<u>(5,715,924)</u>
<b>Net deferred tax asset</b>	<u><u>(5,515,313)</u></u>	<u><u>(2,418,323)</u></u>	<u><u>(7,933,636)</u></u>

NOTES (CONTINUED)

16. Trade and other receivables	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Trade receivables	72,868,385	42,294,652	72,863,585	42,294,652
Less: impairment provisions	(12,445,839)	(11,976,410)	(12,445,839)	(11,976,410)
Net trade receivables	60,422,546	30,318,242	60,417,746	30,318,242
Prepayments and other deposits	9,551,627	8,247,658	9,551,627	8,247,658
Other receivables	27,478,844	9,010,571	27,478,844	9,010,571
Container deposits	6,242,991	2,539,611	6,242,991	2,539,611
Amount due from director (Note 19 (iv))	30,787	-	30,787	-
Receivable from related parties (Note 19 (iv))	19,360,016	17,122,782	19,360,016	17,122,782
	<u>123,086,811</u>	<u>67,238,864</u>	<u>123,082,011</u>	<u>67,238,864</u>
<b>Movement in impairment provisions</b>				
At start of year	11,976,410	11,976,410	11,976,410	11,976,410
Additions	469,429	-	469,429	-
At end of year	<u>12,445,839</u>	<u>11,976,410</u>	<u>12,445,839</u>	<u>11,976,410</u>
<b>17. Cash and cash equivalents</b>				
Cash at bank and in hand	<u>25,113,515</u>	<u>18,782,244</u>	<u>24,504,092</u>	<u>18,012,894</u>
For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the above balances.				
18. Trade and other payables	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Trade payables	17,165,092	14,173,670	16,808,092	13,846,930
Accruals and deferred income	82,289,495	57,188,894	82,289,495	57,160,634
Payable to related parties (Note 19 (iv))	37,157,870	9,480,871	37,157,870	9,486,871
	<u>136,612,457</u>	<u>80,843,435</u>	<u>136,255,457</u>	<u>80,494,435</u>

NOTES (CONTINUED)

19. Related party transactions and balances

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

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

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
i) Provision of services				
Other related parties	<u>65,440,987</u>	<u>142,190,689</u>	<u>64,472,987</u>	<u>141,310,689</u>
ii) Purchase of services				
Other related parties	<u>194,486,200</u>	<u>140,713,293</u>	<u>221,273,719</u>	<u>140,156,493</u>
iii) Directors' benefits and other remuneration				
- Salaries	22,899,900	22,089,400	22,899,900	22,089,400
- Benefits	<u>4,387,179</u>	<u>2,968,940</u>	<u>4,387,179</u>	<u>2,968,940</u>
	<u>27,287,079</u>	<u>25,058,340</u>	<u>27,287,079</u>	<u>25,058,340</u>
iv) Outstanding balances arising from trading transactions				
Receivable from related parties (Note 16)	<u>19,360,016</u>	<u>17,122,782</u>	<u>19,360,016</u>	<u>17,122,782</u>
Amount due from director (Note 16)	<u>30,787</u>	<u>-</u>	<u>30,787</u>	<u>-</u>
Payable to related parties (Note 18)	<u>37,157,870</u>	<u>9,480,871</u>	<u>37,157,870</u>	<u>9,486,871</u>
Receivables from related parties can be analysed as follows:				
Subsidiary	-	-	2,000	2,000
Other related parties	<u>19,360,016</u>	<u>17,122,782</u>	<u>19,358,016</u>	<u>17,120,782</u>
	<u>19,360,016</u>	<u>17,122,782</u>	<u>19,360,016</u>	<u>17,122,782</u>
Payable to related parties can be analysed as follows:				
Subsidiary	-	-	-	-
Other related parties	<u>37,157,870</u>	<u>9,480,871</u>	<u>37,157,870</u>	<u>9,486,871</u>
	<u>37,157,870</u>	<u>9,480,871</u>	<u>37,157,870</u>	<u>9,486,871</u>

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

**NOTES (CONTINUED)**

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

	Group		Company	
v) Loan from parent company	2022 Shs	2021 Shs	2022 Shs	2021 Shs
At start of year	-	-	14,381,480	8,732,637
Advances	-	-	-	31,394,095
Repayments	-	-	(14,381,480)	(25,745,252)
At end of year (Note 11)	-	-	-	14,381,480

**20. Contingent liabilities**

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

**21. Commitments**

**Operating lease commitments - as a lessee**

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

	Group		Company	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Not later than 1 year	2,556,720	2,412,000	2,556,720	2,412,000
Later than 1 year and not later than 5 years	11,572,036	11,184,661	11,572,036	11,184,661
	-	2,944,095	-	2,944,095
	<u>14,128,756</u>	<u>16,540,756</u>	<u>14,128,756</u>	<u>16,540,756</u>

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

**22. Incorporation**

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

**23. Presentation currency**

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

**CONSOLIDATED SCHEDULE OF EXPENDITURE**

<b>1. ADMINISTRATIVE EXPENSES</b>	<b>2022 Shs</b>	<b>2021 Shs</b>
<b>Employment:</b>		
Salaries and wages	50,403,048	38,931,677
Staff training and welfare	8,013,948	7,330,485
Pension scheme contribution - defined	4,549,250	4,851,217
NSSF contributions	74,600	67,000
Severance pay	-	3,158,630
Commissions and incentives	1,543,238	2,790,567
Training levy	18,650	16,750
<b>Total employment costs</b>	<b>64,602,734</b>	<b>57,146,326</b>
<b>Other administrative expenses:</b>		
Directors' remuneration	13,739,940	13,253,640
Internet, postages and telephone expenses	2,723,312	2,829,903
Entertainment	3,664,784	10,718
Travelling	4,520,223	1,148,279
Vehicle running expenses	2,764,443	1,824,205
Printing and stationery	1,471,358	1,345,937
Audit fees		
-current year	1,119,800	1,060,000
-under provision in prior year	466	-
Legal and professional fees	9,982,716	2,212,355
Management expenses	10,837,777	10,811,921
Advertising expenses	716,864	51,300
Subscriptions	115,819	154,298
Bank charges	1,908,330	1,356,397
Office expenses	690,997	545,680
Computer expense	7,376,440	5,512,146
Miscellaneous expense	66	53,900
Fines and penalties	5,091,140	352,499
Donations	78,025	-
Bad debts written off	177,178	2,447,909
Increase in impairment provision - trade receivables	469,429	-
Loss on disposal of plant and equipment	1,868	-
<b>Total other administration expenses</b>	<b>67,450,975</b>	<b>44,971,087</b>
<b>Total administrative expenses</b>	<b>132,053,709</b>	<b>102,117,413</b>
<b>2. OTHER OPERATING EXPENSES</b>		
<b>Establishment:</b>		
Rent	11,356,995	8,690,264
Electricity and water	1,056,386	1,017,406
Repairs and maintenance	1,102,513	1,033,740
Insurance	810,681	1,309,893
Licences	688,431	677,703
Security expenses	221,940	221,940
Unrealised exchange loss/(gain)	2,107,246	(1,216,200)
Realised exchange (gain)/loss	(3,374,663)	740,645
Depreciation of plant and equipment	4,934,917	5,999,276
Amortisation of intangible assets	16,657	23,796
<b>Total other operating expenses</b>	<b>18,921,103</b>	<b>18,498,463</b>

**COMPANY SCHEDULE OF EXPENDITURE**

<b>1. ADMINISTRATIVE EXPENSES</b>	<b>2022 Shs</b>	<b>2021 Shs</b>
<b>Employment:</b>		
Salaries and wages	50,403,048	38,931,677
Staff training and welfare	8,013,948	7,330,485
Pension scheme contribution - defined	4,549,250	4,851,217
NSSF contributions	74,600	67,000
Severance pay	-	3,158,630
Commissions and incentives	1,543,238	2,790,567
Training levy	18,650	16,750
<b>Total employment costs</b>	<b>64,602,734</b>	<b>57,146,326</b>
<b>Other administrative expenses:</b>		
Directors' remuneration	13,739,940	13,253,640
Internet, postages and telephone expenses	2,723,312	2,230,746
Entertainment	3,664,784	10,718
Travelling	4,520,223	1,148,279
Vehicle running expenses	2,764,443	1,824,205
Printing and stationery	1,384,898	1,302,581
Audit fees	915,266	855,000
Legal and professional fees	9,817,716	2,047,355
Management expenses	10,280,977	10,804,721
Advertising expenses	716,864	51,300
Subscriptions	115,819	154,298
Bank charges	1,904,994	1,351,645
Office expenses	690,997	545,680
Computer expense	7,376,440	5,512,146
Miscellaneous expense	66	53,900
Fines and penalties	5,091,140	352,499
Donations	78,025	-
Bad debts written off	177,178	2,447,909
Increase in impairment provision - trade receivables	469,429	-
Loss on disposal of plant and equipment	1,868	-
<b>Total other administration expenses</b>	<b>66,434,379</b>	<b>43,946,622</b>
<b>Total administrative expenses</b>	<b>131,037,113</b>	<b>101,092,948</b>
<b>2. OTHER OPERATING EXPENSES</b>		
<b>Establishment:</b>		
Rent	11,356,995	8,690,264
Electricity and water	1,056,386	1,017,406
Repairs and maintenance	1,102,513	1,033,740
Insurance	810,681	1,309,893
Licences	625,500	615,053
Security expenses	221,940	221,940
Unrealised exchange loss/(gain)	2,107,246	(1,216,200)
Realised exchange (gain)/loss	(3,374,663)	740,645
Depreciation of plant and equipment	4,934,917	5,999,276
Amortisation of intangible assets	16,657	23,796
<b>Total other operating expenses</b>	<b>18,858,172</b>	<b>18,435,813</b>



*Ecu Worldwide (Kenya) Limited*  
*Annual report and consolidated financial statements*  
*For the year ended 31 December 2022*

**SCHEDULE OF NET RENTAL INCOME**

	<b>2022 Shs</b>	<b>2021 Shs</b>
Gross rental income	<u>20,790,347</u>	<u>20,898,802</u>
Less:		
Electricity and water	103,226	158,754
Rental expenses	3,154,347	2,867,588
Internet	59,988	58,087
Security, alarms and fire services	539,692	1,870,391
Employment costs - Casuals	736,978	874,612
Other expenses	84,210	49,301
Provision for profit share to parent	2,683,331	1,222,652
Interest on loan attributable to rental income	263,837	413,639
Finance Managers salary directly attributable to warehouse operations	87,857	577,758
Directors salary directly attributable to warehouse operations	<u>9,159,960</u>	<u>8,835,760</u>
	<u>16,873,426</u>	<u>16,928,542</u>
<b>Net rental income</b>	<u>3,916,921</u>	<u>3,970,260</u>
<b>For tax pruposes:</b>		
Add: Provision for profit share	<u>1,474,820</u>	<u>1,222,652</u>
	<u><u>5,391,741</u></u>	<u><u>5,192,912</u></u>