

ECU WORLDWIDE SOUTH AFRICA (PTY) LTD
(Registration number 1996/006602/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



ECU WORLDWIDE SOUTH AFRICA (PTY) LTD

(Registration number 1996/006602/07)

Annual Financial Statements for the year ended 31 December 2022

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	International import and export of cargo containers
Directors	SMN Mohamedhusein (Indian) IC McAllister (South African) (appointed: 1/08/2020)
Registered office	First Floor, Block B Southern Life Gardens 70 Second Avenue Newton Park Port Elizabeth 6055
Business address	First Floor, Block B Southern Life Gardens 70 Second Avenue Newton Park Port Elizabeth 6055
Postal address	P.O. Box 7835 Newton Park Port Elizabeth 6055
Holding company	Ecu Hold NV incorporated in Belgium
Ultimate holding company	AllCargo Logistics Limited, incorporated in India
Bankers	Standard Bank Investec
Auditors	BDO South Africa Inc, Registered Auditors
Company registration number	1996/006602/07
Tax reference number	9278/486/84/1
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	Robyn Steyn CA(SA), Nomads Consulting
Issued	15-May-23

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

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

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

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

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

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

The annual financial statements set out on pages 1 to 26, prepared on a going concern basis, were approved by the directors on 15 May 2023 and was signed on its behalf by:



Director: IC McALLISTER



Independent Auditor's Report

To the shareholder of
ECU Worldwide South Africa Proprietary Limited

Opinion

We have audited the financial statements of ECU Worldwide South Africa Proprietary Limited (the company) set out on pages 8 to 26 which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ECU Worldwide South Africa Proprietary Limited as at 31 December 2022, and 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 and the requirements of the Companies Act of South Africa.

Basis of 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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 information included in the document titled "ECU Worldwide South Africa Proprietary Limited Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report as required by the Companies Act of South Africa and the Detailed Income

Statement on pages 27 to 28. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if



such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Siyabonga Mthembu

Siyabonga Mthembu (May 16, 2023 08:17 GMT+2)

BDO South Africa Incorporated
Registered Auditors

Siyabonga Mthembu
Director
Registered Auditor

Date: 15/05/2023

106 Park Drive
Port Elizabeth Central
Port Elizabeth, 6001

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DIRECTORS' REPORT

BUSINESS AND OPERATIONS

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

FINANCIAL RESULTS

The financial results for the year under review are clearly reflected in these financial statements. The company made a profit for the year of R9 078 604 (2021:R 1 842 189).

DIRECTORS

Particulars of the present directors are given on page 1.

HOLDING COMPANY

The company's holding company is Ecu Hold NV, which holds 100% (2021: 100%) of the company's equity. Ecu Hold NV is a company incorporated in Belgium. The ultimate holding company is AllCargo Logistics Limited, incorporated in India.

DIVIDENDS

No dividends (2021: R 3 084 222 fully paid) were declared during the year.

SHARE CAPITAL

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

AUDITORS

There was a change in external auditors in the current year from Ernst & Young Incorporated to BDO South Africa Incorporated. BDO South Africa Incorporated will continue as external auditors in accordance with Section 90 of the Companies Act 71 of 2008.

GOING CONCERN

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

The directors are not aware of any new material changes that may adversely impact the company. In addition, the directors are not aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation, which may impact the company.

EVENTS SUBSEQUENT TO THE ACCOUNTING DATE

No material fact or circumstance has occurred between the accounting date and the date of this report.



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STATEMENT OF FINANCIAL POSITION

	Note	2022 R	2021 R
ASSETS			
NON-CURRENT ASSETS			
		1 098 135	1 130 944
Property, plant and equipment	2	521 019	434 943
Deferred taxation	3	577 116	696 001
CURRENT ASSETS			
		54 899 744	49 932 380
Trade and other receivables	4	50 106 664	44 707 670
Current tax receivable		598 309	112 506
Cash and cash equivalents	5	4 194 771	5 112 204
TOTAL ASSETS		55 997 879	51 063 324
EQUITY AND LIABILITIES			
EQUITY			
		11 324 940	2 246 336
Share capital	6	100	100
Retained income		11 324 840	2 246 236
LIABILITIES			
CURRENT LIABILITIES			
		44 672 939	48 816 988
Trade and other payables	7	42 126 899	46 426 828
Loans from shareholder	9	2 546 040	2 390 160
TOTAL EQUITY AND LIABILITIES		55 997 879	51 063 324

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2022 R	2021 R
Revenue	10	279 192 196	211 927 556
COST OF SALES		(233 874 875)	(178 607 375)
GROSS PROFIT		45 317 321	33 320 181
Other income		240 418	306 883
Administration expenses		(7 565 891)	(6 846 779)
Selling and distribution expenses		(1 616 235)	(892 528)
Operating expenses		(23 779 145)	(23 341 765)
Profit from operations	11	12 596 468	2 545 992
Investment revenue	12	95 415	68 857
Finance charges		(49 503)	(65 368)
Profit before taxation		12 642 380	2 549 481
Taxation	13	(3 563 776)	(707 292)
PROFIT FOR THE YEAR		9 078 604	1 842 189

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STATEMENT OF CHANGES IN EQUITY

	Note	Share Capital R	Retained income R	Total R
Balance at 1 January 2021		100	3 488 269	3 488 369
Profit for the year		-	1 842 189	1 842 189
Dividends	15	-	(3 084 222)	(3 084 222)
Balance at 31 December 2021		100	2 246 236	2 246 336
Profit for the year		-	9 078 604	9 078 604
Balance at 31 December 2022	6	100	11 324 840	11 324 940

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STATEMENT OF CASH FLOWS

	Note	2022 R	2021 R
CASH FLOWS FROM OPERATING ACTIVITIES		(583 096)	3 124 765
Cash receipts from customers		339 731 157	304 844 258
Cash paid to suppliers and employees		(336 429 471)	(295 484 560)
Cash generated by operations	14	3 301 686	9 359 698
Investment revenue	12	95 415	68 857
Finance costs		(49 503)	(65 368)
Dividends paid	15	-	(4 965 656)
Taxation paid	16	(3 930 694)	(1 272 766)
CASH FLOWS FROM INVESTING ACTIVITIES		(334 337)	(201 873)
Additions to property, plant and equipment	2	(345 103)	(249 272)
Proceeds from disposal of property, plant and equipment	2 & 11	10 766	47 399
CASH FLOWS FROM FINANCING ACTIVITIES ACTIVITIES		-	(830 618)
Proceeds from loans from group companies	9	-	3 721 576
Repayments of loans from group companies	9	-	(4 552 194)
TOTAL CASH MOVEMENT FOR THE YEAR		(917 433)	2 092 274
CASH AND CASH EQUIVALENTS at beginning of the year	5	5 112 204	3 019 930
CASH AND CASH EQUIVALENTS at end of the year	5	4 194 771	5 112 204

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ACCOUNTING POLICIES

1. Basis of compilation

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

The financial statements are presented in South African Rand.

1.1 Property, plant and equipment

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

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

Motor vehicles: 10 years

Furniture and fixtures: 5 years

IT equipment: 2 to 3 years

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

1.2 Impairment of assets

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

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

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

1.3 Financial Instruments

Trade and other receivables

Trade and other receivables are initially measured at the transaction price including transaction costs. Subsequent to initial measurement, trade and other payables are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

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

ACCOUNTING POLICIES

1.3 Financial Instruments (cont.)

Financial liabilities

Financial liabilities comprise loans from shareholder and trade and other payables . These are measured at amortised cost using the effective interest rate method.

Derecognition of financial instruments

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

Offsetting of financial instruments

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

1.4 Share capital and equity

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

1.5 Provisions

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

1.6 Revenue

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

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

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

1.7 Investment revenue

Interest is recognised as interest accrues (using the effective interest method) and included in profit before taxation in the statement of comprehensive income.

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ACCOUNTING POLICIES

1.8 Leases

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

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

1.9 Retirement benefit

Defined contribution plans

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

1.10 Foreign exchange

Foreign currency balances

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

Foreign currency transactions

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

The functional currency is the South African Rand.

1.11 Borrowing costs

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

1.12 Taxes

Current tax assets and liabilities

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

Deferred tax assets and liabilities

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

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

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ACCOUNTING POLICIES

1.12 Taxes (cont.)

Deferred tax assets and liabilities (cont.)

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

Tax expenses

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

Value added tax

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

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

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

1.13 Dividends paid

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



ACCOUNTING POLICIES

1.14 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

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

Provision for doubtful debts

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

Residual values and useful lives of property, plant and equipment

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

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

Deferred tax assets

In the current year, deferred tax assets have been recognised. Management is of the view that it is probable that the taxable profits will be available against which the deductible temporary differences can be used given the company's profit history. Management is not aware of any material event that would adversely impact the company's profitability.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022			2021		
	Cost	Accumulated Depreciation	Net book value	Cost	Accumulated Depreciation	Net book value
Furniture and fixtures	390 081	(190 637)	199 444	386 415	(213 570)	172 845
Motor vehicles	289 900	(289 900)	-	289 900	(275 910)	13 990
IT equipment	1 118 504	(796 929)	321 575	936 855	(688 747)	248 108
Net book value	1 798 485	(1 277 466)	521 019	1 613 170	(1 178 227)	434 943

Reconciled as follows - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	172 845	66 898	(3 635)	(36 664)	199 444
Motor vehicles	13 990	-	-	(13 990)	-
IT equipment	248 108	278 205	-	(204 738)	321 575
	434 943	345 103	(3 635)	(255 392)	521 019

Reconciled as follows - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	117 399	91 768	-	(36 322)	172 845
Motor vehicles	41 970	-	-	(27 980)	13 990
IT equipment	306 066	157 504	(20 156)	(195 306)	248 108
	465 435	249 272	(20 156)	(259 608)	434 943

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 R	2021 R
3. DEFERRED TAX		
Opening balance	696 001	404 048
Deferred tax charge	(118 890)	291 953
Closing balance	<u>577 111</u>	<u>696 001</u>
<u>Deferred tax comprises of the following:</u>		
Property, plant and equipment	(13 328)	(11 051)
Prepayments	(111 378)	(44 316)
Provisions	415 958	726 586
Provision for doubtful debts	107 424	24 782
Income received in advance	178 435	-
	<u>577 111</u>	<u>696 001</u>
4. TRADE AND OTHER RECEIVABLES		
Trade receivables	42 396 369	38 203 017
Amounts owing by related parties	6 777 852	5 645 974
Trade receivables - gross	49 174 221	43 848 991
Provision for doubtful debts	(663 113)	(147 509)
Trade receivables - net	48 511 108	43 701 482
Deposits	161 680	151 494
VAT	668 233	630 260
Prepayments	412 492	148 056
Other receivables	353 151	76 378
	<u>50 106 664</u>	<u>44 707 670</u>

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

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

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	2022 R	2021 R
5. CASH AND CASH EQUIVALENTS		
Cash on hand	901	422
Bank balances	4 193 870	5 111 782
	<u>4 194 771</u>	<u>5 112 204</u>

Cash and cash equivalents comprise of cash on hand, call deposits and cash balances with banks. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one and seven days, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. The fair value of cash and short-term deposits is R 4 194 771 (2021: R 5 112 204).

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

Standard Bank holds the following securities:

Pledge notice deposit	230 000	230 000
Cession of book debts	Unrestricted	Unrestricted
Credit agreement facilities agreement	Unrestricted	Unrestricted
National Ports Authority (NPA) guarantee:		
The guarantee is necessary for the NPA in order for the company to submit cargo dues online. The agreement expires on 31 January 2030.	150 000	150 000

Standard Bank holds the following facilities:

Overdraft	5,500,000	5,500,000
Forward exchange contracts	1,530,000	1,530,000
Guarantee by the bank	150 000	150 000

6. SHARE CAPITAL

Authorised:

10 000 Ordinary shares of R1 each	<u>10 000</u>	<u>10 000</u>
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Issued:

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

7. TRADE AND OTHER PAYABLES

Trade payables	31 098 560	17 326 980
Amounts due to related parties	6 741 418	25 548 910
Bonus pay accrual	866 226	793 775
Leave pay accrual	930 998	920 891
Other payables	2 489 696	1 836 272
	<u>42 126 899</u>	<u>46 426 827</u>

Trade payables and amounts due to related parties are non-interest bearing and are generally on 60 days' terms. Other payables and accruals are non-interest bearing and have an average term of 30 days. Leave and bonus accruals are non-interest bearing and have no fixed terms of repayment.

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

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	2022 R	2021 R
8. SHAREHOLDERS FOR DIVIDENDS		
Shareholders for dividends	-	-
No dividends (2021: R 3 084 222 fully paid) were declared during the year.		
9. LOANS FROM SHAREHOLDER		
Ecu Hold NV	2 546 040	2 390 160
This is a short-term loan from the holding company. The loan is unsecured, interest-free and has no fixed terms of repayment.		
10. REVENUE		
Export revenue	60,680,734	41,929,147
Import revenue	218,511,462	169,998,409
	<u>279 192 196</u>	<u>211 927 556</u>
Revenue represents the net invoiced value to customers, which excludes VAT and investment income. Local sales are vatable and foreign sales are zero-rated.		
11. DISCLOSABLE ITEMS		
Profit from operations is stated after:		
(Profit)/loss on foreign exchange	1,041,636	525,278
Depreciation on property, plant and equipment	255,392	259,608
(Gains)/loss from disposal of property, plant and equipment	(7,131)	(27,243)
Directors' remuneration		
IC McAllister: Salary and bonuses	1,808,176	1,712,070
Company contribution to provident fund	111,322	134,400
Expense allowances	66,640	96,000
Other company contributions	58,564	61,785
	<u>2 044 702</u>	<u>2 004 255</u>
Staff costs		
Salary and wages	15,006,560	15,204,738
Company contribution to provident fund	1,014,603	987,334
Other staff costs	1,495,353	1,446,657
	<u>17 516 516</u>	<u>17 638 729</u>
Operating lease charges		
Premises	1,425,645	1,530,130
Motor vehicles	39,180	15,775
Equipment	167,443	157,495
	<u>1 632 268</u>	<u>1 703 400</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022 R	2021 R
12. INVESTMENT REVENUE		
Interest revenue	95 415	68 857
13. TAXATION		
13.1 Tax charge		
South African normal tax		
Current	3 444 891	999 245
Prior period income tax	-	-
Deferred taxation - current period	118 885	(291 953)
	<u>3 563 776</u>	<u>707 292</u>
13.2 Tax reconciliation		
Accounting profit	12,642,380	2,549,481
Standard tax charge at 28% (2021: 28%)	3,539,866	713,855
Non-deductible expenditure	2 535	1 960
Deferred tax not recognised	21 375	(8 523)
	<u>3 563 776</u>	<u>707 292</u>
14. CASH GENERATED BY OPERATIONS		
Profit before taxation	12 642 380	2 549 481
Adjusted for:		
Depreciation on property, plant and equipment	255 392	259 608
Gains from disposal of property, plant and equipment	(7 131)	(27 243)
Investment revenue	(95 415)	(68 857)
Provision for doubtful debts	515 604	127 646
Unrealised foreign exchange loss on group loan	155 880	-
Finance costs	49 503	65 368
Change in working capital		
Trade and other receivables	(5 914 598)	(16 467 620)
Trade and other payables	(4 299 929)	22 921 015
	<u>3 301 686</u>	<u>9 359 398</u>
15. DIVIDENDS PAID		
Amounts payable at the beginning of period	-	(1 881 434)
Interim dividend	-	(3 084 222)
Final dividend	-	-
Amount payable at the end of the year	-	-
	<u>-</u>	<u>-</u>
Paid during the year	-	(4 965 656)
	<u>-</u>	<u>(4 965 656)</u>

Dividends of R Nil (2021: R 30 842) per share was declared during the year.

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	2022	2021
	R	R

16. TAXATION PAID

Balance at the beginning of the year	112 506	(161 015)
Amounts charged to profit or loss	(3 444 891)	(999 245)
Balance at the end of the year	(598 309)	(112 506)
Paid during the year	<u>(3 930 694)</u>	<u>(1 272 766)</u>

17. KEY MANAGEMENT PERSONNEL

Key management personnel	<u>2 044 702</u>	<u>2 004 255</u>
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Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any directors (whether executive or otherwise) of the company.

18. AUDITOR'S REMUNERATION

Fees	<u>230,000</u>	<u>202,656</u>
	<u>230 000</u>	<u>202 656</u>

19. EMPLOYMENT BENEFITS

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

The monthly contributions towards the Provident Fund are 13% of the employee's gross salary and the payment will be split between the company (8%) and the employee (5%). There are 38 (2021: 38) members that contribute to the fund. The total contributions recognised as an expense during the year amounts to R 1 125 925 (2021: R 1 123 362).

20. COMMITMENTS UNDER OPERATING LEASES

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

Minimum lease payments due

Within one year	1 209 265	992 629
Two to five years	3 089 630	3 106 844
> five years	-	128 646
	<u>4 298 895</u>	<u>4 228 119</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022		2021	
	R		R	
21. CATEGORIES OF FINANCIAL INSTRUMENTS				
2022	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total
Trade and other receivables	49 025 939	-	1 080 725	50 106 664
Cash and cash equivalents	4 194 771	-	-	4 194 771
Trade and other payables	-	(40 329 675)	(1 797 224)	(42 126 899)
Loans from group companies	-	(2 546 040)	-	(2 546 040)
	53 220 710	(42 875 715)	(716 499)	9 628 496
2021	Financial assets at amortised cost	Financial liabilities at amortised cost	Non-financial instruments	Total
Trade and other receivables	43 929 354	-	778 316	44 707 670
Cash and cash equivalents	5 112 204	-	-	5 112 204
Trade and other payables	-	(44 712 162)	(1 714 666)	(46 426 828)
Loans from group companies	-	(2 390 160)	-	(2 390 160)
	49 041 558	(47 102 322)	(936 350)	1 002 886

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2022	2021
	R	R

22. RELATED PARTIES**Holding company and ultimate holding company**

Ecu Hold NV, a company incorporated in Belgium, owns 100% of the company's shares. The ultimate parent of the group is AllCargo Logistics Limited.

The terms and conditions of the above transactions and balances are the same as with 3rd parties and as disclosed in related note.

Transactions and balance with the holding company

Sale of services	(29 820 694)	(5 100)
Purchase of services	63 879 181	1 004 587
Trade receivables	5 015 731	(26 865)
Trade payables	(6 141 891)	(6 739 373)
Management Fee	3 243 797	2 900 687
Loan payable	(2 546 040)	(2 390 160)

Transactions and balance with the ultimate holding company

Sale of services	(15 152 754)	(9 984 759)
Purchase of services	15 220 859	8 925 632
Trade receivables	1 619 282	112 417
Trade payables	(311 939)	(1 873)

Other related parties

Other related parties are entities that form part of the ultimate holding company's group and are considered sister companies.

Transactions and balance with the other related parties

Sale of services	(901 246)	(16 040 458)
Purchase of services	3 289 332	61 468 191
Increase in provision for doubtful debts	515 604	127 646
Trade receivables	142 839	5 560 422
Trade payables	(287 588)	(18 807 663)

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DETAILED INCOME STATEMENT

	2022	2021
	R	R
Revenue		
Rendering of services	279,192,196	211,927,556
Cost of sales		
Purchases	(233,874,875)	(178,607,375)
Gross profit	45,317,321	33,320,181
Other income		
Sundry Income	233,287	279,640
Gain on disposal of property, plant and equipment	7,131	27,243
Investment income	95,415	68,857
	45,653,154	33,695,921
Expenses	(32,961,271)	(31,081,072)
Operating profit	12,691,883	2,614,849
Finance costs	(49,503)	(65,368)
Profit before taxation	12,642,380	2,549,481
Taxation	(3,563,776)	(707,292)
Profit for the year	9,078,604	1,842,189

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

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DETAILED INCOME STATEMENT

	2022	2021
	R	R
Operating expenses		
Advertising	113,149	52,989
Auditors remuneration	230,000	202,656
Bad debts	14	234,500
Bank charges	254,590	336,665
Cleaning	104,573	119,751
Consulting fees	2,260,117	1,806,976
Courier services	143,165	134,251
Depreciation on property, plant and equipment	255,392	259,608
Donations	9,055	9,000.00
Electricity and water	249,527	195,289
Employee costs - Directors' salary, bonus & expense allowance	1,874,816	1,808,070
Employee costs - Medical aid contributions	907,394	906,338
Employee costs - Other	313,428	321,687
Employee costs - Pension fund contributions	1,125,925	1,121,734
Employee costs - Staff salaries and bonuses	15,006,560	15,204,738
Employee costs - Training	74,400	51,125
Employee costs - UIF and SDL	258,695	229,292
Entertainment	231,716	133,451
General expenses	168,906	168,577
Increase in provision for doubtful debts	742,801	147,509
Insurance	330,300	312,353
Lease rentals on operating lease	1,632,268	1,703,400
Legal expenses	11,586	37,960.00
Loss on exchange differences	1,041,636	525,278
Management fee	3,243,797	2,900,687
Motor vehicle expenses	442,894	341,096
Office and computer supplies	134,316	129,084
Repairs and maintenance	111,147	125,205
Subscriptions	26,919	28,665
Telephone and fax	1,016,054	1,318,172
Travel - local	432,538	175,135
Travel - overseas	213,593	39,831
	<u>32,961,271</u>	<u>31,081,072</u>

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