Qhubeka Charity NPC
(Registration number 2005/012333/08)

Financial statements
for the year ended 31 December 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Poverty relief for poor and needy persons through the provision of bicycles
Directors	A.A. Fitzhenry C.J. Brunsden F.S.T. Phaweni
Registered office	30 A Dias Crescent Douglasdale 2191
Business address	30 A Dias Crescent Douglasdale 2191
Postal address	Postnet suite 394 Private Bag x75 Bryanston Gauteng 2021
Bankers	ABSA, First National Bank
Auditors	Watermark Auditors Incorporated Registered Auditors Private Bag X28 Benmore 2010
Company registration number	2005/012333/08
Level of assurance	These seperate audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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The reports and statements set out below comprise the financial statements presented to the members:

Preparer

These financial statements were prepared under the supervision of A.A. Fitzhenry (Director)

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 seperate audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the seperate audited annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the seperate audited annual financial statements.

The seperate audited annual financial statements are prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent 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 the 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.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the seperate audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditors are responsible for independently auditing and reporting on the company's seperate audited annual financial statements. The seperate audited annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the board of directors on 27 January 2022 and were signed on its behalf by:

Approval of financial statements

Anthony Arthur FITZHENRY

A.A. Fitzhenry **C.J. Brunsden**

WATERMARK AUDITORS INCORPORATED
"A TRUSTED SEAL OF APPROVAL"

WATERMARK AUDITORS INCORPORATED
CHARTERED ACCOUNTANTS (SA)
REGISTERED ACCOUNTANTS
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REG. NO. 2000/022040/21
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Independent Auditor's Report

To the Shareholders of Qhubeka Charity NPC

Opinion

We have audited the financial statements of Qhubeka Charity NPC (the company) set out on pages 7 to 18, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 Qhubeka Charity NPC at 31 December 2020, 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 for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 " Qhubeka Charity NPC financial statements for the year ended 31 December 2020", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on pages 19 to 20. 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.

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 the 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 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.

DIRECTORS:
N G REED BCOMPT (HONS) CA (SA) RA (MANAGING)
A G SHORT BCOMM (HONS) H DIP TAX LAW CA (SA) RA

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 International Standards on Auditing 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 International Standards on Auditing, 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.

Independent Auditor's Report

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.

Watermark Auditors Inc.

Watermark Auditors Incorporated
NG Reed
Director
Registered Auditors
27 January 2022
Johannesburg

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Qhubeka Charity NPC for the year ended 31 December 2020.

1. Nature of business

The company is engaged in poverty relief for poor and needy persons through the provision of bicycles and operates principally in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The seperate audited financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act No 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these seperate audited annual financial statements. The company had extraordinary expense write-offs relating to the voluntary liquidation of it's subsidiary during the year. This resulted in a suretyship write-off of R3,400,000.

3. Dividends

The board of directors have resolved not to declare a dividend for the financial year ended 31 December 2020.

4. Directors

The directors in office at the date of this report are as follows:

Directors
A.A. Fitzhenry
C.J. Brunsden
F.S.T. Phaweni

5. Events after the reporting period

In the current financial year South Africa and the world has been faced with the COVID pandemic. After year end the effect thereof on the economy and company's business is unknown. The board of directors have assessed the risks faced by the company, its cash flows and performance and have established that although the company will be affected, the company will continue as a going concern until normal business activities resume. The directors are satisfied with company cash resources and forecasts to supplement the business' needs in the short term until the pandemic ceases. The Directors are also satisfied that no adjustments are required to the financial statements due to this ongoing COVID pandemic.

The company's subsidiary Real Bicycle Company Pty Ltd was placed in voluntary liquidation on 1 July 2020, refer to note 15 & 16, which details the impact of this matter, on the operations of the company.

6. Going concern

Kindly refer to the going concern note 15 in the financial statements.

7. Auditors

Watermark Auditors Incorporated were appointed as auditors for the company for 2020.

Statement of Financial Position as at 31 December 2020

	Note(s)	2020 R	2019 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	179 374	1 486 011
Investments in subsidiary	3	100	100
		179 474	**1 486 111**
Current Assets			
Inventories	4	1 978 106	210 307
Trade and other receivables	5	3 515 708	1 291 000
Cash and cash equivalents	6	1 049 251	4 681 197
		6 543 065	**6 182 504**
Total Assets		**6 722 539**	**7 668 615**
Equity and Liabilities			
Equity			
Accumulated deficit		(4 123 855)	(607 101)
Liabilities			
Current Liabilities			
Trade and other payables	8	3 504 318	3 388 946
Deferred grant	7	7 042 222	4 710 413
Provisions	9	299 854	176 357
		10 846 394	**8 275 716**
Total Equity and Liabilities		**6 722 539**	**7 668 615**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2020 R	2019 R
Revenue	10	14 291 769	29 789 651
Cost of sales	11	(5 947 578)	(23 465 485)
Gross profit		**8 344 191**	**6 324 166**
Other income		387 195	1 141 137
Operating expenses		(12 292 599)	(30 160 338)
Operating loss		**(3 561 213)**	**(22 695 035)**
Investment revenue	12	44 685	254 787
Finance costs		(226)	-
Loss for the year		**(3 516 754)**	**(22 440 248)**
Other comprehensive income		-	-
Total comprehensive deficit for the year		**(3 516 754)**	**(22 440 248)**

Statement of Changes in Equity

	Total attributable to equity holders of the company R	Total equity R
Balance at 01 January 2019	**21 833 147**	**21 833 147**
Loss for the year	(22 440 248)	(22 440 248)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(22 440 248)**	**(22 440 248)**
Balance at 01 January 2020	**(607 101)**	**(607 101)**
Loss for the year	(3 516 754)	(3 516 754)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(3 516 754)**	**(3 516 754)**
Balance at 31 December 2020	**(4 123 855)**	**(4 123 855)**

Note(s)

Statement of Cash Flows

	Note(s)	2020 R	2019 R
Cash flows from operating activities			
Cash used in operations	13	(3 826 537)	(4 761 943)
Interest income		44 685	254 787
Finance costs		(226)	-
Net cash from operating activities		**(3 782 078)**	**(4 507 156)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(132 384)	(792 870)
Sale of property, plant and equipment	2	282 516	-
Net cash from investing activities		**150 132**	**(792 870)**
Cash flows from financing activities			
Total cash movement		**(3 631 946)**	**(5 300 026)**
Cash at the beginning of period		4 681 197	9 981 221
Total cash at end of period	6	**1 049 251**	**4 681 195**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements 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 seperate audited financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

The annual financial statements comprise of two separate sets being the Separate Annual Audited Financial Statements and the Consolidated Annual Audited Financial statements. These documents together comprise the Annual Audited Financial Statements.

These accounting policies are consistent with the previous period.

Our report on the consolidated financial statements was issued on 3 August 2021 and can be accessed at the companies registered office.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

In preparing the seperate audited annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the seperate audited annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the seperate audited annual financial statements.

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Taxation

The company is a charity and public benefit organization and is tax exempt and no provision for tax has been made.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Accounting Policies

1.2 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Furniture and fixtures	6 years	
Motor vehicles	4 years	
IT equipment	3 years	
Leasehold improvements	Lease contract	
Warehouse Equipment	10 years	

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Financial instruments

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.4 Inventories

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.5 Impairment of assets

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related 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.

Accounting Policies

1.6 Provisions and contingencies

Provisions are recognised when:
- the company has an obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably..

1.7 Grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

1.8 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

Donation income is recognised, in profit or loss, when the company receives the donation and the associated project costs have been incurred or accrued.

1.9 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency of the company, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous seperate audited annual financial statements are recognised in profit or loss in the period in which they arise.

Notes to the Financial Statements

	2020	2019
	R	R

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	-	-	-	409 672	(181 702)	227 970
Motor vehicles	525 000	(525 000)	-	525 000	(525 000)	-
Office equipment	-	-	-	10 435	(2 609)	7 826
IT equipment	296 767	(274 066)	22 701	393 750	(215 835)	177 915
Leasehold improvements	-	-	-	1 823 284	(815 032)	1 008 252
Warehouse equipment	179 371	(22 698)	156 673	123 159	(59 111)	64 048
Total	**1 001 138**	**(821 764)**	**179 374**	**3 285 300**	**(1 799 289)**	**1 486 011**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	227 970	-	(227 970)	-	-
Office equipment	7 826	-	(7 826)	-	-
IT equipment	177 915	16 357	(127 552)	(44 019)	22 701
Equipment	1 008 252	-	(1 008 252)	-	-
Warehouse equipment	64 048	116 027	(9 332)	(14 070)	156 673
	1 486 011	**132 384**	**(1 380 932)**	**(58 089)**	**179 374**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	244 500	31 963	(48 493)	227 970
Office equipment	9 565	-	(1 739)	7 826
IT equipment	175 490	114 132	(111 707)	177 915
Leasehold improvements	1 056 289	601 006	(649 043)	1 008 252
Other property, plant and equipment	30 595	45 769	(12 316)	64 048
	1 516 439	**792 870**	**(823 298)**	**1 486 011**

3. Investments in subsidiaries

		% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
Real Bicycle Co. Proprietary Limited	100 No par value shares	- %	100,00 %	100	100

The carrying amounts of subsidiaries is shown at nominal cost - the subsidiary was placed in voluntary liquidation on the 1 July 2020.

4. Inventories

	2020	2019
Bicycles, cycling shirts and cycling helmets	1 978 106	210 307

Notes to the Financial Statements

	2020 R	2019 R

5. Trade and other receivables

	2020 R	2019 R
Trade receivables	108 900	110 950
Prepayments	2 500 000	917 760
VAT	906 808	262 290
	3 515 708	**1 291 000**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020 R	2019 R
Cash on hand	524	1 460
Bank balances	1 048 727	4 679 737
	1 049 251	**4 681 197**

7. Deferred grant

At fair value

	2020 R	2019 R
Grant income	7 042 222	4 710 413

The grant is expected to realise in the next 12 months when the projects and bike deliveries take place.

Current liabilities

	2020 R	2019 R
At fair value	7 042 222	4 710 413

8. Trade and other payables

	2020 R	2019 R
Trade payables	63 967	299 543
Amounts received in advance	-	3 089 403
Amount due to bankers in terms of surety settlement	3 400 000	-
Payroll accruals	40 351	-
	3 504 318	**3 388 946**

9. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Provisions for leave pay	176 357	-	(61 316)	115 041
Audit fee provision	-	184 813	-	184 813
	176 357	**184 813**	**(61 316)**	**299 854**

Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Provisions for employee benefits	127 217	49 140	176 357

Notes to the Financial Statements

	2020 R	2019 R

10. Revenue

Sale of bicycles and cycling equipment	39 989	-
Donations Income	14 251 780	29 789 651
	14 291 769	**29 789 651**

11. Cost of sales

Cost of donations		
Program and direct project expenses	5 947 578	23 465 485

12. Investment revenue

Interest revenue		
Bank	44 685	254 787

13. Cash used in operations

Loss before taxation	(3 516 754)	(22 440 248)
Adjustments for:		
Depreciation and amortisation	362 587	823 298
Loss on sale of assets	1 098 416	-
Interest received	(44 685)	(254 787)
Finance costs	226	-
Other non-cash items	123 497	49 140
Changes in working capital:		
Inventories	(1 767 799)	81 299
Trade and other receivables	(2 224 708)	13 562 733
Trade and other payables	115 372	2 481 839
Grant	2 027 311	934 783
	(3 826 537)	**(4 761 943)**

Notes to the Financial Statements

	2020 R	2019 R

14. Related parties

Relationships	
Subsidiaries	Real Bicycle Company (Proprietary) Limited 3
Members of key management	A.A. Fitzhenry

Related party balances

	2020 R	2019 R
Prepayments		
Real Bicycle Company (Proprietary) Limited	2 600 000	15 525 785

Related party transactions

	2020 R	2019 R
Purchases from (sales to) related parties		
Real Bicycle Company (Proprietary) Limited	-	(23 970 939)
Real Bicycle Company (Proprietary) Limited	-	12 657 102
	-	**(11 313 837)**
Net amounts written off from related parties		
Real Bicycle Company (Proprietary) Limited Trade receivable	512 892	15 525 784

15. Going concern

We draw attention to the fact that at 31 December 2020, the company had accumulated losses of R 4 123 855 and that the company's total liabilities exceed its assets by R (4 123 855).

The company's operations were interrupted by the COVID - 19 Lockdowns in China and in South Africa, this is likely to result in a negative impact on donations and the results for the upcoming 2021 financial year in light of the Covid-19 pandemic.

The company's subsidiary, Real Bicycle Company Pty Ltd was placed in voluntary liquidation on 1 July 2020. The holding company. Qhubeka Charity NPC provided limited suretyship for R12 807 025 including limited cession of loan accounts and pre-payments for bicycles valued at R15 525 785 in favour it's bankers for the overdraft facility provided to its subsidiary Real Bicycle Co Proprietary Limited.

In January 2021 the R15 525 785 of pre-paid bicycle inventory was purchased by Qhubeka Charity from the Estate of the liquidated subsidiary for R3 600 000. On the 19th of July 2021 the holding company entered into a settlement agreement with it's bankers to settle the entire suretyship owed for an amount of R 3 400 000. At the end of December 2021 the company had complied with all the repayment terms of the agreement. The Directors are confident that the Charity has the funds to settle the remaining R1 400 000 on time as per the agreement.

Management has determined that the actions that it has taken are sufficient to mitigate any uncertainty and has therefore prepared the financial reporting on a going concern basis. Post year end all costs were reduced and the company continued to fund raise and received further donations.

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

	2020	2019
	R	R

16. Events after the reporting period

In the current financial year South Africa and the world has been faced with the COVID pandemic. After year end the effect thereof on the economy and company's business is unknown. The board of directors have assessed the risks faced by the company, its cash flows and performance and have established that although the company will be affected, the company will continue as a going concern until normal business activities resume. The directors are satisfied with company cash resources and forecasts to supplement the business' needs in the short term until the pandemic ceases. The Directors are also satisfied that no adjustments are required to the financial statements due to this ongoing COVID pandemic.

With the COVID-19 outbreak effect disrupting supply chains and affecting production and sales across a range of industries, the South African economy has been negatively affected.

The directors note the impact on the companies' operations has translated in reduction in donations.

Additionally, the subsidiary Real Bicycle Company Pty Ltd was placed in voluntary liquidation on 1 July 2020, refer to note 15, going concern which details the impact of this matter, on the operations of the company.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

17. Contingent liability

The company provided limited suretyship for R12 000 000 including Limited cession of loan accounts and pre-payments for R12 000 000 to the bank for the overdraft facility provided to its subsidiary Real Bicycle Co Proprietary Limited. The company subsequently entetered into a settlement agreement with it's bankers to settle this suretyship at a value of R3,400,000 subject to the terms of the settlement agreement. Provided the terms of the settlement agreement are complied with the company will be liable for R3,400,000 otherwise the full amount of R12 000 000 will be due. The company has complied with the terms of the agreement thus far and at the 31 December 2021 an amount of R1 400 000 is outstanding and the directors are confident the amount will be paid on time in terms of the settlement agreement and all terms of the settlement agreement will be complied with.

The company's subsidiary Real Bicycle Company Pty Ltd was placed in voluntary liquidation on 1 July 2020, refer to the Going Concern note for further details.

Detailed Income Statement

	Note(s)	2020 R	2019 R
Revenue			
Sale of bicycles and cycling equipment		39 989	-
Donations received		14 251 780	29 789 651
	10	**14 291 769**	**29 789 651**
Cost of sales	11	**(5 947 578)**	**(23 465 485)**
Gross profit		**8 344 191**	**6 324 166**
Other income			
Rental income		44 286	156 286
Licence fee income		20 496	276 136
Profit and loss on exchange differences		322 413	708 715
		387 195	**1 141 137**
Expenses (Refer to page 20)		**(12 292 599)**	**(30 160 338)**
Operating loss		**(3 561 213)**	**(22 695 035)**
Investment income	12	44 685	254 787
Finance costs		(226)	-
		44 459	**254 787**
Deficit for the year		**(3 516 754)**	**(22 440 248)**

The supplementary information presented does not form part of the financial statements and is unaudited

Detailed Income Statement

	Note(s)	2020 R	2019 R
Operating expenses			
Accounting fees		67 195	70 237
Advertising		89 789	527 096
Assembly costs		106 789	85 581
Assets under R7 000		89 645	106 341
Assets under R7 000		-	21 123
Bank charges		45 253	98 546
Cleaning		1 383	30 567
Computer expenses		47 537	59 520
Consulting and professional fees		1 770 123	3 818 170
Consumables		788	3 272
Delivery expenses		19 231	45 918
Depreciation, amortisation and impairments		362 587	823 298
Employee costs		3 308 298	5 341 571
Entertainment		626	46 096
Event expenses		157 413	1 126 492
Hire		645	2 580
Impairment of related company debtor and pre-payment		512 892	15 525 784
Insurance		142 932	99 324
Lease rentals on operating lease		216 000	648 000
Legal expenses		62 009	26 767
Motor vehicle expenses		18 789	87 652
Municipal expenses		7 188	39 730
Petrol and oil		-	864
Printing and stationery		47 532	133 473
Profit and loss on sale of assets and liabilities		1 098 416	-
Repairs and maintenance		6 248	70 067
Seccurity		143 579	17 835
Staff recruitment		124 866	-
Staff welfare		50 909	79 765
Suretyship expense		3 400 000	-
Technical & Communications fees		46 362	4 000
Telephone and fax		51 970	86 639
Training		-	270 547
Transport and freight		185 452	22 096
Travel - local		110 153	680 571
Warranty expense		-	1 375
warranty expense		-	159 441
		12 292 599	**30 160 338**