

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

Financial statements
for the year ended 31 December 2021

Qhubeka Charity NPC

(Registration number 2005/012333/08)

Financial Statements for the year ended 31 December 2021

General Information

Country of incorporation and domicile	South Africa
Company registration number	2005/012333/08
Nature of business and principal activities	Poverty relief for people in need through the provision of bicycles
Registered office	30 A Dias Crescent Douglasdale 2191
Business address	30 A Dias Crescent Douglasdale 2191
Bankers	ABSA and First National Bank Limited.
Postal address	Postnet suite 394 Private Bag x75 Bryanston Gauteng 2021
Directors	A.A Fitzhenry C.J Brunsdan F.S.T Phaweni
Auditors	Watermark Auditors Incorporated Registered Auditor
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Issued	15 March 2022

Qhubeka Charity NPC

(Registration number 2005/012333/08)

Financial Statements for the year ended 31 December 2021

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Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

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

Date issued

15 March 2022

Qhubeka Charity NPC

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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 financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard 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 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2022 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The 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 pages 7 to 21, which have been prepared on the going concern basis, were approved by the board on 15 March 2022 and were signed on its behalf by:

Anthony FITZHENRY

A.A Fitzhenry

Tuesday, 15 March 2022



C.J Brunsten



WATERMARK AUDITORS INCORPORATED
CHARTERED ACCOUNTANTS (SA)
REGISTERED ACCOUNTANTS
AND AUDITORS

REG. NO. 2000/022040/21
PRACTICE NUMBER 900153

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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 set out on pages 8 to 19, which comprise the Statement of Financial Position as at 31 December 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Qhubeka Charity NPC as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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



CA(SA)

Leaders in Business



Russell Bedford
taking you further

Independent Auditor's Report

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. 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 71 of 2008, 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.

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.

Independent Auditor's Report

- 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.

Watermark Auditors Inc.

Watermark Auditors Incorporated
NG Reed
Director

Registered Auditor

15 March 2022

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Qhubeka Charity NPC for the year ended 31 December 2021.

1. Nature of business

Qhubeka Charity NPC was incorporated in South Africa and is a non profit organisation that operates in South Africa, and is engaged in poverty relief for people in need through the provision of bicycles.

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 financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 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 financial statements.

3. Dividends

The board has resolved not to declare a dividend for the financial year ended.

4. Directors

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

Directors

A.A Fitzhenry	Chief Executive Officer	Executive
C.J Brunsdn	Chairman	Non-executive
F.S.T Phaweni	Director	Executive

There have been no changes to the directorate for the period under review.

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

6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any 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.

7. Auditors

Watermark Auditors Incorporated continued in office as auditors for the company for 2021.

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Statement of Financial Position as at 31 December 2021

	Note(s)	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	54 727	179 374
Investments in subsidiaries	3	100	100
		<u>54 827</u>	<u>179 474</u>
Current Assets			
Inventories	5	2 264 032	1 978 106
Trade and other receivables	4	1 742 868	3 515 708
Cash and cash equivalents	6	6 096 540	1 049 251
		<u>10 103 440</u>	<u>6 543 065</u>
Total Assets		<u>10 158 267</u>	<u>6 722 539</u>
Equity and Liabilities			
Equity			
Retained income		<u>3 659 915</u>	<u>(4 123 854)</u>
Liabilities			
Current Liabilities			
Trade and other payables	7	1 272 687	3 504 317
Deferred Income	8	5 142 282	7 042 222
Provisions	9	83 383	299 854
		<u>6 498 352</u>	<u>10 846 393</u>
Total Equity and Liabilities		<u>10 158 267</u>	<u>6 722 539</u>

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Statement of Comprehensive Income

	Note(s)	2021 R	2020 R
Revenue	10	17 388 929	14 291 769
Cost of sales	11	(6 743 677)	(9 364 853)
Gross profit		10 645 252	4 926 916
Other income		67 578	387 195
Operating expenses		(2 956 134)	(8 875 326)
Operating surplus (deficit)		7 756 696	(3 561 215)
Investment revenue	12	27 073	44 685
Finance costs		-	(226)
Surplus (deficit) for the year		7 783 769	(3 516 756)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		7 783 769	(3 516 756)

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Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 January 2020	(607 098)	(607 098)
Loss for the year	(3 516 756)	(3 516 756)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3 516 756)	(3 516 756)
Balance at 01 January 2021	(4 123 854)	(4 123 854)
Profit for the year	7 783 769	7 783 769
Other comprehensive income	-	-
Total comprehensive income for the year	7 783 769	7 783 769
Balance at 31 December 2021	3 659 915	3 659 915

Note(s)

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Statement of Cash Flows

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Cash generated from (used in) operations	13	6 941 155	(3 826 539)
Interest income		27 073	44 685
Finance costs		-	(226)
Net cash from operating activities		6 968 228	(3 782 080)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(20 999)	(132 384)
Sale of property, plant and equipment	2	-	282 516
Net cash from investing activities		(20 999)	150 132
Cash flows from financing activities			
Repayment of deferred income		(1 899 940)	-
Net cash from financing activities		(1 899 940)	-
Total cash movement for the year		5 047 289	(3 631 948)
Cash at the beginning of the year		1 049 251	4 681 197
Total cash at end of the year	6	6 096 540	1 049 249

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Accounting Policies

1. Presentation of financial statements

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 financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Revenue recognition

In making their judgement, management considered the criteria for the recognition of revenue from donations which are categorised into two income streams. Specific donation income streams - donation is linked to specific performance which is usually the implementation of programs in rural areas to supply bicycles to the needy and impoverished. The donation income is recognised when the bicycles have been supplied in terms of the specified donation criteria. Amounts received are treated as deferred income and as bicycles are supplied in terms of the program the relevant portion of the donation income and cost is recognised in the statement of comprehensive income. Unspecified donation income streams - donations made with no specific performance requirements. The donation income is recognised in the statement of comprehensive income when received.

Key sources of estimation uncertainty

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 is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost 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 as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	4 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	Lease contract period

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated.

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Accounting Policies

1.2 Property, plant and equipment (continued)

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of 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 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

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

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

1.4 Inventories

Inventories are measured at the lower of cost and estimated 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 property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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.

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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.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.7 Government 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.

Grants are measured at the fair value of the asset received or receivable.

1.8 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding VAT and discounts.

Donation income is recognised as detailed in management judgement as detailed above excluding VAT.

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

1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.10 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

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Notes to the Financial Statements

	2021 R	2020 R
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2. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	525 000	(525 000)	-	525 000	(525 000)	-
IT equipment	296 767	(294 669)	2 098	296 767	(274 066)	22 701
Warehouse equipment	91 143	(38 514)	52 629	179 371	(22 698)	156 673
Total	912 910	(858 183)	54 727	1 001 138	(821 764)	179 374

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
IT equipment	22 701	-	(20 603)	2 098
Warehouse equipment	156 673	20 999	(125 043)	52 629
	179 374	20 999	(145 646)	54 727

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
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
Leasehold improvements	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

3. Investments in subsidiaries

		% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
Real Bicycle Co. Proprietary Limited	100 No par value shares	100,00 %	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. Trade and other receivables

Trade receivables	786 773	108 900
Prepayments	886 740	2 500 000
VAT	69 355	906 808
	1 742 868	3 515 708

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Notes to the Financial Statements

	2021 R	2020 R
5. Inventories		
Bicycles, components, cycling shirts and cycling helmets	4 293 440	1 978 106
Inventories (discount on bulk liquidation purchase)	4 293 440 (2 029 408)	1 978 106 -
	<u>2 264 032</u>	<u>1 978 106</u>
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	524	524
Bank balances	6 096 016	1 048 727
	<u>6 096 540</u>	<u>1 049 251</u>
7. Trade and other payables		
Trade payables	71 108	63 965
Other payables	-	1
Amount due to bankers in terms of surety settlement	1 200 000	3 400 000
Other payables	1 579	40 351
	<u>1 272 687</u>	<u>3 504 317</u>
8. Deferred Income		
At fair value		
Deferred donation / grant income	5 142 282	7 042 222
Deferred income is expected to be realised within the next 12 months when the programs and bike deliveries are implemented in terms of the conditions of specified donations.		
Current liabilities		
At fair value	<u>5 142 282</u>	<u>7 042 222</u>

The fair values of the financial liabilities were determined as follows:

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Notes to the Financial Statements

	2021 R	2020 R		
9. Provisions				
Reconciliation of provisions - 2021				
	Opening balance	Utilised during the year	Reversed during the year	Total
Provisions for leave pay	115 041	(31 658)	-	83 383
Consignment stock provision	184 813	-	(184 813)	-
	299 854	(31 658)	(184 813)	83 383
Reconciliation of provisions - 2020				
	Opening balance	Additions	Utilised during the year	Total
Provisions for leave pay	176 357	-	(61 316)	115 041
Consignment stock provision	-	184 813	-	184 813
	176 357	184 813	(61 316)	299 854
10. Revenue				
Sale of goods		170 477	39 989	
Donation income		17 218 452	14 251 780	
		17 388 929	14 291 769	
11. Cost of sales				
Sale of goods		8 773 085	9 364 853	
Program and direct project expenses		(2 029 408)	-	
Material discount received on bulk inventory purchase		6 743 677	9 364 853	
12. Investment revenue				
Interest revenue				
Bank		27 073	44 685	
13. Cash generated from (used in) operations				
Profit (loss) before taxation		7 783 769	(3 516 756)	
Adjustments for:				
Depreciation and amortisation		145 646	362 587	
Loss on sale of assets		-	1 098 416	
Interest received		(27 073)	(44 685)	
Finance costs		-	226	
Movements in provisions		(216 471)	123 497	
Changes in working capital:				
Inventories		(285 926)	(1 767 799)	
Trade and other receivables		1 772 840	(2 224 708)	
Trade and other payables		(2 231 630)	2 142 683	
		6 941 155	(3 826 539)	

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Notes to the Financial Statements

	2021 R	2020 R
14. Related parties		
Relationships		
Subsidiary		Real Bicycle Company (Proprietary) Limited
Members of key management		F.S.T Phaweni
Related party balances and transactions with entities with control, joint control or significant influence over the company		
Related party balances		
Prepayments		
Real Bicycle Company (Proprietary) Limited	-	2 600 000
Related party transactions		
Consulting / management fees paid to related parties		
Jawellnofine (Proprietary) Limited (Company owned by A.A Fitzhenry)	600 000	-
F.S.T Phaweni	389 717	437 031
	<u>989 717</u>	<u>437 031</u>
Net amounts written off from related parties		
Real Bicycle Company (Proprietary) Limited Trade receivable	-	512 892

15. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of Financial Position

Operating overheads (Reduced)	-	(3 417 273)
Cost of sales (Increase)	-	3 417 273

16. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

On the 19th of July 2021 the company entered into a settlement agreement with its bankers to settle a 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. An amount of R1,200,000 outstanding at year was subsequently settled after year end.

During the year and 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.

Qhubeka Charity NPC

(Registration number 2005/012333/08)

Financial Statements for the year ended 31 December 2021

Notes to the Financial Statements

	2021	2020
	R	R

17. 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 director is not aware of any other material event which occurred after the reporting date and up to the date of this report.

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Financial Statements for the year ended 31 December 2021

Detailed Income Statement

	Note(s)	2021 R	2020 R
Revenue			
Sale of goods		170 477	39 989
Donation income		17 218 452	14 251 780
	10	<u>17 388 929</u>	<u>14 291 769</u>
Cost of sales			
Opening stock		(1 978 106)	(210 307)
Purchases		(9 059 011)	(11 132 652)
Closing stock		4 293 440	1 978 106
	11	<u>(6 743 677)</u>	<u>(9 364 853)</u>
Gross profit		<u>10 645 252</u>	<u>4 926 916</u>
Other income			
Rental income		-	44 286
Sundry income		-	20 496
Interest received	12	27 073	44 685
Profit and loss on exchange differences		67 578	322 413
		<u>94 651</u>	<u>431 880</u>
Expenses (Refer to page 21)		<u>(2 956 134)</u>	<u>(8 875 326)</u>
Operating profit (loss)		<u>7 783 769</u>	<u>(3 516 530)</u>
Finance costs		-	(226)
Profit (loss) for the year		<u>7 783 769</u>	<u>(3 516 756)</u>

Qhubeka Charity NPC

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Financial Statements for the year ended 31 December 2021

Detailed Income Statement

	Note(s)	2021 R	2020 R
Operating expenses			
Accounting fees		93 288	67 195
Advertising		158 752	89 789
Auditors remuneration		55 411	89 645
Bad debts		96 335	-
Bank charges		48 852	45 253
Cleaning		-	1 383
Computer expenses		32 019	47 537
Consulting and professional fees		814 986	725 781
Consumables		-	788
Depreciation, amortisation and impairments		145 646	362 587
Discount allowed		566	-
Employee costs		743 481	1 427 566
Entertainment		-	626
Management fee		-	124 866
Suretyship expense		-	3 400 000
Impairment of related company debtor & pre-payment		(150 183)	512 892
Fundraising expenses		340 405	207 273
Hire		-	645
Insurance		165 759	128 900
Lease rentals on operating lease		116 273	129 600
Legal expenses		6 087	62 009
Municipal expenses		-	7 188
Other expenses		174 996	142 366
Printing and stationery		39 591	47 532
Profit and loss on sale of assets and liabilities		-	1 098 416
Repairs and maintenance		-	6 248
Staff welfare		-	50 909
Subscriptions		520	46 362
Telephone and fax		73 350	51 970
		2 956 134	8 875 326