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

Seperate Audited Annual Financial Statements
for the year ended 31 December 2019

General Information

Country of incorporation and domicile	South Africa
Company registration number	2005/012333/08
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	BDO South Africa Inc. Chartered Accountants (S.A.) Registered Auditors
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 seperate audited annual 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 directors have reviewed the company’s cash flow forecast for the 12 months to 30 June 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 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 pages 4-5.

The seperate annual financial statements set out on page 6 to 22, which have been prepared on the going concern basis, were approved by the board of directors on 03 August 2021 and were signed on its behalf by:

A.A. Fitzhenry

C.J. Brunsden

Independent Auditor's Report

To the Members of

Qhubeka Charity NPC

Opinion

We have audited the separate financial statements of Qhubeka Charity NPC (the company) set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2019, 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 separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Qhubeka Charity NPC as at 31 December 2019 , 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 (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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 Annual Separate financial statements for the year ended 31 December 2019", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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 Separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

EFG Dreyer
Director
Registered Auditor

4 August 2021

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Directors' Report

The directors have pleasure in submitting their report on the seperate audited annual financial statements of Qhubeka Charity NPC for the year ended 31 December 2019.

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 annual 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. During the year the company had a material impairment write down. This exceptional expense which is not recurring increased expenses in the current year by R15 525 784.

3. Dividends

The board of directors have resolved not to declare a dividend for the financial year ended 31 December 2019.

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

Subsequent to year end, the World Health Organisation announced on 31 January 2020 that the Coronavirus was a global health emergency. Measures taken by National government followed this announcement. Empowered by section 27 of the Disaster Management Act (DMA), President Cyril Ramaphosa on 15 March 2020 declared a national state of disaster in South Africa. A nationwide lockdown was announced with effect from midnight on Thursday 26 March 2020.

On this basis, the effects of the Coronavirus are considered a non-adjusting event.

With the COVID-19 outbreak effects 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, subsequent to year end the subsidiary Real Bicycle Company Pty Ltd was placed in voluntary liquidation on 1 July 2020, refer to note 17, going concern which details the impact of this matter, on the operations of the company

6. Going concern

Kindly refer to the going concern note 17 in the financial statements.

7. Contingent Liability

Kindly refer to the contingent liability note 18 in the financial statements.

Directors' Report

8. Auditors

BDO South Africa Inc. continued in office as auditors for the company for 2020.

Statement of Financial Position as at 31 December 2019

	Note(s)	2019 R	2018 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 486 011	1 516 439
Investments in subsidiaries	3	100	100
		1 486 111	**1 516 539**
Current Assets			
Inventories	4	210 307	291 606
Trade and other receivables	6	1 291 000	14 853 733
Cash and cash equivalents	7	4 681 197	9 981 221
		6 182 504	**25 126 560**
Total Assets		**7 668 615**	**26 643 099**
Equity and Liabilities			
Equity			
Retained surplus		(607 103)	21 833 145
Liabilities			
Current Liabilities			
Deferred grant	8	4 710 413	3 775 630
Trade and other payables	9	3 388 948	907 107
Provisions	10	176 357	127 217
		8 275 718	**4 809 954**
Total Equity and Liabilities		**7 668 615**	**26 643 099**

Statement of Comprehensive Income

	Note(s)	2019 R	2018 R
Revenue	11	29 789 651	33 429 730
Cost of sales	12	(22 639 168)	(17 976 559)
Gross profit		**7 150 483**	**15 453 171**
Other income	13	1 141 137	500 417
Operating expenses		(30 986 655)	(16 370 374)
Operating loss		**(22 695 035)**	**(416 786)**
Investment revenue	14	254 787	364 006
Surplus for the year		**(22 440 248)**	**(52 780)**
Other comprehensive income		-	-
Total comprehensive deficit for the year		**(22 440 248)**	**(52 780)**

Statement of Changes in Equity

	Retained surplus R	Total equity R
Balance at 01 January 2018	**21 885 925**	**21 885 925**
Loss for the year	(52 780)	(52 780)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(52 780)**	**(52 780)**
Balance at 01 January 2019	**21 833 145**	**21 833 145**
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 31 December 2019	**(607 103)**	**(607 103)**

Note(s)

Statement of Cash Flows

	Note(s)	2019 R	2018 R
Cash flows from operating activities			
Cash used in operations	15	(4 761 944)	(687 214)
Interest income		254 787	364 006
Net cash from operating activities		**(4 507 157)**	**(323 208)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(792 870)	(1 639 510)
Sale of property, plant and equipment	2	-	104 348
Loans advanced		-	3 602 148
Net cash from investing activities		**(792 870)**	**2 066 986**
Cash flows from financing activities			
Total cash movement		**(5 300 027)**	**1 743 778**
Cash at the beginning of period		9 981 221	8 237 443
Total cash at end of period	7	**4 681 194**	**9 981 221**

Accounting Policies

1. Presentation of Seperate Audited Annual Financial Statements

The seperate audited annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The seperate audited annual 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

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.

Critical judgements in applying accounting policies

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.

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:

Item	**Average useful life**
Furniture and fixtures	6 years
Motor vehicles	4 years

Accounting Policies

1.2 Property, plant and equipment (continued)

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 Seperate Audited Annual Financial Statements

	2019	2018
	R	R

2. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	409 672	(181 702)	227 970	377 709	(133 209)	244 500
Motor vehicles	525 000	(525 000)	-	525 000	(525 000)	-
Office equipment	10 435	(2 609)	7 826	10 435	(870)	9 565
IT equipment	393 750	(215 835)	177 915	279 618	(104 128)	175 490
Leasehold improvements	1 823 284	(815 032)	1 008 252	1 222 279	(165 990)	1 056 289
Warehouse equipment	123 159	(59 111)	64 048	77 390	(46 795)	30 595
Total	**3 285 300**	**(1 799 289)**	**1 486 011**	**2 492 431**	**(975 992)**	**1 516 439**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
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
Warehouse equipment	30 595	45 769	(12 316)	64 048
	1 516 439	**792 870**	**(823 298)**	**1 486 011**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	35 494	242 411	(33 405)	244 500
Motor vehicles	49 435	-	(49 435)	-
Office equipment	-	10 435	(870)	9 565
IT equipment	68 046	164 385	(56 941)	175 490
Leasehold improvements	-	1 222 279	(165 990)	1 056 289
Warehouse equipment	38 334	-	(7 739)	30 595
	191 309	**1 639 510**	**(314 380)**	**1 516 439**

3. Investments in subsidiaries

		% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Real Bicycle Co. Proprietary Limited	100 No par value shares	100,00 %	100,00 %	100	100

The carrying amounts of subsidiaries are shown gross of impairment losses.

Notes to the Seperate Audited Annual Financial Statements

	2019 R	2018 R

4. Inventories

	2019 R	2018 R
Bicycles, cycling shirts and cycling helmets	210 307	291 606

5. Financial assets

6. Trade and other receivables

	2019 R	2018 R
Trade receivables	110 950	2 154 031
Prepayments	917 760	12 687 949
Deposits	-	11 753
VAT	262 290	-
	1 291 000	**14 853 733**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019 R	2018 R
Cash on hand	1 460	1 255
Bank balances	4 679 737	9 979 966
	4 681 197	**9 981 221**

8. Deferred grant

	2019 R	2018 R
At fair value		
Other income grant	4 710 413	3 775 630
The grant is expected to realise in the next 12 months.		
Current liabilities		
At fair value	4 710 413	3 775 630

9. Trade and other payables

	2019 R	2018 R
Trade payables	299 545	68 061
Amounts received in advance	3 089 403	-
VAT	-	762 374
Accrued expenses	-	76 672
	3 388 948	**907 107**

Notes to the Seperate Audited Annual Financial Statements

	2019	2018
	R	R

10. Provisions

Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Provisions for leave pay	127 217	49 140	176 357

Reconciliation of provisions - 2018

	Opening balance	Additions	Total
Provisions for employee benefits	-	127 217	127 217

11. Revenue

	2019	2018
Sale of bicycles and cycling equipment	-	24 887
Donations Income	29 789 651	33 404 843
	29 789 651	**33 429 730**

12. Cost of sales

	2019	2018
Cost of donations		
Program and direct project expenses	22 639 168	17 976 559

Notes to the Seperate Audited Annual Financial Statements

	2019 R	2018 R

13. Other income

	2019 R	2018 R
Profit and loss on sale of assets and liabilities	-	104 348
Profit and loss on exchange differences	708 715	-
Rental income	156 286	150 289
Licence Fee	276 136	245 780
	1 141 137	**500 417**

14. Investment revenue

	2019 R	2018 R
Interest revenue		
Bank	254 787	364 006

15. Cash used in operations

	2019 R	2018 R
Loss before taxation	(22 440 248)	(52 780)
Adjustments for:		
Depreciation and amortisation	823 298	314 380
Profit on sale of assets	-	(104 348)
Interest received	(254 787)	(364 006)
Movements in provisions	49 140	127 217
Changes in working capital:		
Inventories	81 299	317 942
Trade and other receivables	13 562 733	(4 176 554)
Trade and other payables	2 481 838	470 805
Grant	934 783	2 780 130
	(4 761 944)	**(687 214)**

16. Related parties

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

Related party balances

	2019 R	2018 R
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Real Bicycle Company (Proprietary) Limited	-	1 326 324
Prepayments		
Real Bicycle Company (Proprietary) Limited	15 525 785	11 762 262

Related party transactions

	2019 R	2018 R
Purchases from (sales to) related parties		
Real Bicycle Company (Proprietary) Limited	(23 970 939)	(22 707 022)
Real Bicycle Company (Proprietary) Limited	12 657 102	17 825 413
	(11 313 837)	**(4 881 609)**

Notes to the Seperate Audited Annual Financial Statements

	2019	2018
	R	R

17. Going concern

We draw your attention to the fact that as at 31 December 2019, the company has an accumulated loss of R607 103 (2018: 21 833 145 surplus) and the company's total assets exceeded its total liabilities by R607 103 (2018 21 833 145 surplus)

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 2020 financial year in light of the Covid-19 pandemic.

Subsequent to year end 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. R1 800 000 to be paid within 5 days of the signature of the agreement (which was subsequently paid) and a further R 1 600 000 payable as eight payments of R200 000 payable each quarter from the 30th of September 2021.

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.

18. Events after the reporting period

Subsequent to year end, the World Health Organization announced on 31 January 2020 that the Coronavirus was global health emergency. Measures taken by National Government followed this announcement. Empowered by section 27 of the Disaster Management Act (DMA), President Cyril Ramaphosa on 15 March 2020 declared a national state of disaster in South Africa. A nationwide lockdown was announced with effect from midnight Thursday 26 March 2020.

On this basis, the effects of the Coronavirus are considered a non-adjusting event.

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, subsequent to year end the subsidiary Real Bicycle Company Pty Ltd was placed in voluntary liquidation on 1 July 2020, refer to note 17, 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.

19. 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.

Subsequent to year end the subsidiary Real Bicycle Company Pty Ltd was placed in voluntary liquidation on 1 July 2020, refer to the Going Concern, note 17 for further details.

Notes to the Seperate Audited Annual Financial Statements

	2019 R	2018 R

20. Directors' remuneration

Executive

2019

	Directors' fees for services as directors' of subsidiaries	Total
A.A. Fitzhenry	-	-
C Brunsden	-	-
F.S.T. Phaweni	913 283	913 283
	913 283	**913 283**

2018

	Directors' fees for services as directors' of subsidiaries	Total
A.A. Fitzhenry	-	-
C Brunsden	-	-
F.S.T. Phaweni	73 626	73 626
	73 626	**73 626**

Detailed Income Statement

	Note(s)	2019 R	2018 R
Revenue			
Sale of bicycles and cycling equipment		-	24 887
Donations received		29 789 651	33 404 843
	11	**29 789 651**	**33 429 730**
Cost of sales	12	**(22 639 168)**	**(17 976 559)**
Gross profit		**7 150 483**	**15 453 171**
Other income			
Rental income		156 286	150 289
Licence fee income		276 136	245 780
Interest received	14	254 787	364 006
Gains on disposal of assets		-	104 348
Profit and loss on exchange differences		708 715	-
		1 395 924	**864 423**
Expenses (Refer to page 22)		**(30 986 655)**	**(16 370 374)**
Deficit for the year		**(22 440 248)**	**(52 780)**

Detailed Income Statement

	Note(s)	2019 R	2018 R
Operating expenses			
Accounting fees		70 237	135 941
Advertising		527 096	827 790
Assembly costs		85 581	494 509
Assets under R7 000		21 123	57 131
Auditors remuneration		106 341	72 328
Bad debts		-	2 000
Bank charges		98 546	87 762
Cleaning		30 567	400
Computer expenses		59 520	131 783
Consulting and professional fees		3 818 170	3 610 383
Consumables		3 272	5 851
Delivery expenses		45 918	15 093
Depreciation, amortisation and impairments		823 298	314 380
Employee costs		5 341 571	4 919 697
Entertainment		46 096	89 018
Event expenses		1 126 492	1 266 226
Fines and penalties		-	300
General expenses		103 209	89 525
Gifts		-	9 053
Hire		2 580	7 135
Insurance		99 324	99 211
Lease rentals on operating lease		648 000	455 815
Legal expenses		26 767	24 844
Loss on exchange differences		-	1 163 962
Impairment of related company debtor and pre-payment		15 525 784	-
Motor vehicle expenses		87 652	118 491
Municipal expenses		39 730	54 376
Petrol and oil		864	289
Printing and stationery		30 264	42 146
Project expenses		826 317	756 668
Repairs and maintenance		70 067	42 133
Security		17 835	36 394
Staff welfare		79 765	74 078
Technical & Communications fees		4 000	4 811
Telephone and fax		86 639	91 920
Training		270 547	428 063
Transport and freight		22 096	103 742
Travel - local		680 571	490 289
Travel - overseas		159 441	246 837
Warranty expense		1 375	-
		30 986 655	**16 370 374**

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