

4Walls Holdings (Pty) Ltd

(Registration Number: 2016/442977/07)

Financial statements for the year ended 30 June 2021



4Walls Holdings (Pty) Ltd
Financial Statements
for the year ended 30 June 2021

Table of contents	Page
General information	3
Independent reviewer's report	4
Directors' report	5
Statement of comprehensive income and retained earnings	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Accounting policies and explanatory notes to the financial statements	10 - 15

Approval of financial statements

These financial statements were approved by the directors & authorised for issue on 21 October 2021.



RD Roos
Director
21 October 2021

4Walls Holdings (Pty) Ltd
Financial Statements
for the year ended 30 June 2021

General information

Country of incorporation	South Africa
Reporting currency	ZAR
Registered office	Unit 1, 261 Pleiades Ave Waterkloof Ridge 0181, Pretoria
Business address	123 Mosaic Street Unit 7, Brainley 0084, Silverton
Postal address	Unit 1, 261 Pleiades Ave Waterkloof Ridge 0181, Pretoria
Registration number	2016/442977/07

4Walls Holdings (Pty) Ltd
Financial Statements
for the year ended 30 June 2021

INDEPENDENT REVIEWER'S REPORT

To the directors of 4Walls Holdings (Pty) Ltd

We have reviewed the accompanying financial statements of 4Walls Holdings (Pty) Ltd that comprise the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, 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.

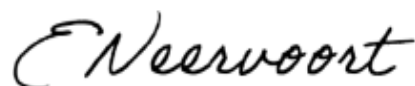
Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of 4Walls Holdings (Pty) Ltd as at 30 June 2021, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.



ELRI NEERVOORT CA (SA)

DATE: 22 October 2021

4Walls Holdings (Pty) Ltd

Financial Statements

for the year ended 30 June 2021

DIRECTORS' REPORT

The Directors of 4Walls Holdings (Pty) Ltd present their Report together with the financial statements of the company for the year ended 30 June 2021.

Main business activities

The main business activities of the company is to promote and sell micro businesses in township and rural communities that sell clean energy products. There have been no change in the main business activities of the company over the reporting period.

Directors Details

The following persons were directors of 4Walls Holdings (Pty) Ltd during or since the end of the financial year:

RD Roos

Review of operations and financial results

The company's revenue increased by 108.6% to R2 418 614 during the financial year and the net loss increased by 15.6% to R-1 243 522. Net cash outflow from operating activities increased by 9.1% and the company's retained earnings/(loss) increased by 43.3% to R-4 112 190.

Dividends

The company declared no dividends during the financial year (2020: R0).

Share capital

2 500 Authorised Shares approved, with 100 shares issued

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year or since the end of the financial year.

Events arising since the end of the reporting period

The directors are not aware of any material fact or circumstance arising between the end of the financial year and the date of this report that would require adjustments to or disclosure in the financial statements.

4Walls Holdings (Pty) Ltd
**Statement of comprehensive income and retained earnings
for the year ended 30 June 2021**

	Notes	2,021 R	2,020 R
Revenue	2	2,418,614	1,159,628
Cost of sales		-2,041,372	-1,072,735
Standard Margin		377,242	86,893
Excess & obsolete stock provision		10,285	-10,933
Gross profit		387,527	75,961
Other income	3	-	36,821
Operating expenses		-2,110,127	-1,559,731
Accounting fees		-	-7,000
Advertising & marketing		-188,337	-241,071
Bank charges		-17,740	-29,302
Commission		-263,846	-86,508
Computer expenses		-4,655	-
Consulting Fees		-127,316	-54,675
Consumables & cleaning		-4,796	-9,099
Customer Giveaways & Samples		-168,578	-143,518
Depreciation on property, plant & equipment		-39,362	-34,282
Entertainment		-7,642	-35,314
Freight & Courier		-124,795	-101,917
Insurance		-64,092	-50,564
Motor Vehicle Expenses		-143,315	-84,650
Professional & legal fees		-600	-3,700
Rent		-235,404	-160,768
Repairs & Maintenance		-66,710	-58,865
Salaries & wages		-452,504	-284,172
Security		-7,666	-4,647
Staff & Agent Welfare		-3,496	-6,167
Stationery & Printing		-6,947	-4,506
Subscriptions & Licence Fees		-31,912	-31,306
Telephone & Internet		-108,725	-96,962
Travelling & Accommodation		-12,609	-21,858
Uniforms		-24,767	-8,453
Utilities		-4,314	-431
Operating profit/(loss)		-1,722,601	-1,446,950
FX Gain/(loss)		50,556	-
Profit / (Loss) before interest & tax		-1,672,044	-1,446,950
Finance costs	4	-73,265	-44,354
Profit / (Loss) before tax	5	-1,745,309	-1,491,304
Deferred Taxation	6	501,787	415,786
Profit / (Loss) for the year		-1,243,522	-1,075,518
Retained earnings/(loss) at start of year		-2,868,768	-1,793,250
Retained earnings/(loss) at end of year		-4,112,290	-2,868,768

4Walls Holdings (Pty) Ltd
Statement of financial position
at 30 June 2021

	Notes	2,021 R	2,020 R
ASSETS			
Non-current assets			
Property, plant & equipment	7	163,974	103,336
Deferred tax asset	8	1,591,273	1,089,486
		<u>1,755,247</u>	<u>1,192,822</u>
Current assets			
Inventories	9	145,392	193,023
Trade and other receivables	10	4,100	-
Cash and cash equivalents	11	11,638	-
		<u>161,130</u>	<u>193,023</u>
Total assets		<u>1,916,377</u>	<u>1,385,846</u>
EQUITY & LIABILITIES			
Equity			
Share capital	12	100	100
Retained earnings/(loss)		-4,112,290	-2,868,768
		<u>-4,112,190</u>	<u>-2,868,668</u>
Non-current liabilities			
Long term loans	13	5,969,757	4,101,844
		<u>5,969,757</u>	<u>4,101,844</u>
Current liabilities			
Bank overdraft	14	-	96,681
Trade payables	15	58,811	55,989
		<u>58,811</u>	<u>152,670</u>
Total liabilities		<u>6,028,568</u>	<u>4,254,515</u>
Total equity & liabilities		<u>1,916,377</u>	<u>1,385,846</u>

4Walls Holdings (Pty) Ltd
Statement of changes in equity
for the year ended 30 June 2021

	Share Capital R	Retained Earnings/(loss) R	Total R
At 01 July 2019	94	-1,793,250	-1,793,156
Profit / (Loss) for the year	-	-1,075,518	-1,075,518
Shares issued	6	-	6
At 30 June 2020	100	-2,868,768	-2,868,668
Profit / (Loss) for the year	-	-1,243,522	-1,243,522
Shares issued	-	-	-
At 30 June 2021	100	-4,112,290	-4,112,190

4Walls Holdings (Pty) Ltd
Statement of cash flows
for the year ended 30 June 2021

	Notes	2,021	2,020
		R	R
Cash flows from operating activities			
Profit / (Loss) for the year		-1,243,522	-1,075,518
- Finance costs		73,265	44,354
- Income taxes		-501,787	-415,786
<i>Adjustments for non-cash income and expenses:</i>			
- Depreciation		39,362	34,282
- Decrease / (Increase) in trade and other receivables		-4,100	-
- Decrease / (Increase) in inventories		47,632	-72,638
- Increase / (Decrease) in trade and other payables		2,822	8,324
Cash outflow from operations		-1,586,329	-1,476,982
Interest paid		-73,265	-44,354
<i>Net cash outflow from operating activities</i>		-1,659,594	-1,521,337
Cash flows from investing activities			
Purchases of property, plant & equipment		-100,000	-14,899
<i>Net cash used in investing activities</i>		-100,000	-14,899
Cash flows from financing activities			
Proceeds from borrowings		1,867,913	1,446,240
<i>Net cash generated in financing activities</i>		1,867,913	1,446,246
Net increase / (decrease) in cash and cash equivalents		108,319	-89,989
Cash and cash equivalents at beginning of year		-96,681	-6,692
Cash and cash equivalents at end of year	11	11,638	-96,681

4Walls Holdings (Pty) Ltd

Accounting policies & explanatory notes to the financial statements

for the year ended 30 June 2021

1. Basis of preparation and accounting policies

These financial statements have been prepared on the historical cost basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are consistent with the previous period. They are presented in the currency units of South Africa.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of discounts, returns, rebates and sales-related taxes.

Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets & liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits.

Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (or tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Land and buildings are not depreciated. The following rates are used for the depreciation of other property, plant and equipment:

Containers & Kiosks	7 Years
Computer & Office Equipment	3 Years
Motor vehicles	5 Years

Accounting policies & explanatory notes to the financial statements for the year ended 30 June 2021 (continued)

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised accordingly to reflect the new expectations.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised accordingly to reflect the new expectations.

Impairment of assets

At each reporting date, the company assesses whether there is any indication that any asset (property, plant and equipment and intangible assets) may be impaired. If there is an indication of possible impairment, the recoverable amount of the 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 recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, 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 (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the company at the fair value of the leased property (or, if lower, the present value of the minimum lease payments) at the commencement of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

4Walls Holdings (Pty) Ltd

Accounting policies & explanatory notes to the financial statements for the year ended 30 June 2021 (continued)

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the appropriate lease.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

Trade and other receivables

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

Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

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 not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

Borrowing costs

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

Bank loans and overdrafts

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the period in which the dividends are approved by the company's shareholders.

4Walls Holdings (Pty) Ltd
Notes to the financial statements
for the year ended 30 June 2021 (continued)

2. Revenue

	2,021	2,020
	R	R
Sales of product	2,418,614	1,159,628
	<u>2,418,614</u>	<u>1,159,628</u>

3. Other income

	2,021	2,020
	R	R
Consulting Income	-	36,821
	<u>-</u>	<u>36,821</u>

4. Finance costs

	2,021	2,020
	R	R
Interest on loans and overdraft	-73,265	-44,354
	<u>-73,265</u>	<u>-44,354</u>

5. Profit before tax

The following items have been recognised as income / (expenses) in determining profit before tax:

	2,021	2,020
	R	R
Cost of inventories recognised as expense	-2,041,372	-1,072,735
Depreciation on property, plant & equipment	-39,362	-34,282
Foreign exchange gains / (losses)	50,556	-

6. Deferred Taxation

	2,021	2,020
	R	R
Deferred taxation (refer to note 8)	501,787	415,786
	<u>501,787</u>	<u>415,786</u>

Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

Tax rate reconciliation

	%	%
Corporate tax rate	28	28
Exempt income	1	-
Effective tax rate	<u>29</u>	<u>28</u>

4Walls Holdings (Pty) Ltd
Notes to the financial statements
for the year ended 30 June 2021 (continued)

7. Property, plant & equipment

Cost	At 1 July 2020	Additions	Impairment & Disposals	At 30 June 2021
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
Containers & Kiosks	161,341	-	-	161,341
Computer & Office Equipment	31,673	-	-	31,673
Total	207,913	100,000	-	307,913

Accumulated depreciation	At 1 July 2020	Depreciation	Impairment & Disposals	At 30 June 2021
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
Containers & Kiosks	70,669	23,049	-	93,718
Computer & Office Equipment	31,673	-	-	31,673
Total	104,577	39,362	-	143,939

Carrying amount	103,336			163,974
------------------------	----------------	--	--	----------------

8. Deferred tax

The following are the deferred tax liabilities (assets) recognised by the company:

	At 1 July 2020	Charge (credit) for the year	At 30 June 2021
	<u>R</u>	<u>R</u>	<u>R</u>
Assessed losses	-1,089,486	-501,787	-1,591,273
	<u>-1,089,486</u>	<u>-501,787</u>	<u>-1,591,273</u>

The company has not recognised a valuation allowance against the deferred tax assets because, on the basis of past years and future expectations, management considers it probable that taxable profits will be available against which the future income tax deductions can be utilised.

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement.

9. Inventories

	2,021	2,020
	<u>R</u>	<u>R</u>
Finished goods	156,761	214,678
Excess & Obsolete Stock provision	-11,369	-21,654
	<u>145,392</u>	<u>193,024</u>

4Walls Holdings (Pty) Ltd
Notes to the financial statements
for the year ended 30 June 2021 (continued)

10. Trade and other receivables

	2,021	2,020
	<u>R</u>	<u>R</u>
Trade debtors	4,100	-
	<u>4,100</u>	<u>-</u>

11. Cash and cash equivalents

	2,021	2,020
	<u>R</u>	<u>R</u>
Cash on hand	3,759	-
Cash at bank	7,879	-
	<u>11,638</u>	<u>-</u>

12. Share capital

	<u>R</u>	<u>R</u>
Issued share capital	<u>100</u>	<u>100</u>

The share capital balance comprise 100 ordinary shares (2020: 100) with a par value of R1.00 fully paid, issued and outstanding. An additional 2,400 shares (2020: 2,400) are legally authorised but unissued.

13. Loans

	2,021	2,020
	<u>R</u>	<u>R</u>
Non-current		
Shareholders Loan	4,758,526	3,834,417
	<u>5,969,757</u>	<u>4,101,844</u>

The Shareholders Loan does not attract interest and has no fixed repayment terms.

14. Bank overdraft

	<u>R</u>	<u>R</u>
Bank overdraft	-	96,681
	<u>-</u>	<u>96,681</u>

15. Trade and other payables

	2,021	2,020
	<u>R</u>	<u>R</u>
Trade creditors	58,811	55,989
	<u>58,811</u>	<u>55,989</u>

16. Events after the end of the reporting period

There were no significant events after balance sheet to report.