

Hermanus Public Protection  
(Registration number 1999/015007/08)  
Annual Financial Statements  
for the year ended 31 August 2020



Director: Finance  
Received Dec 2020

Hermanus Accounting  
Chartered Accountants (SA)  
Registered Auditor  
Issued 05 November 2020

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## General Information

---

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Public protection services
<b>Directors</b>	Karen Dionne Brice Barend Gerhardus Jansen van Vuuren Guy Leonard Redford Clinton Henri Lerm Tobias Herold Louw Errol van Staden
<b>Registered office</b>	20 Hope Street Hermanus 7200
<b>Postal address</b>	P.O. Box 1810 Hermanus 7200
<b>Auditors</b>	Hermanus Accounting Chartered Accountants (SA) Registered Auditor

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Contents

---

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

	<b>Page</b>
Directors' Responsibilities and Approval	3
Directors' Report	4
Independent Auditor's Report	5 - 6
Statement of Financial Position	7
Detailed Statement of Income and Retained Earnings	8
Statement of Cash Flows	9
Accounting Policies	10
Notes to the Annual Financial Statements	11 - 12

### **Level of assurance**

The annual financial statements are audited.

### **Published**

05 November 2020

## Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

### Directors' Responsibilities and Approval

---

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the 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 International Financial Reporting Standards for small and medium-sized entities. The accounting officer is responsible to determine that the financial statements are in agreement with the accounting records, summarised in the manner required by the Companies Act of South Africa.

The 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 judgments 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 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 year to 31 August 2021 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 annual financial statements have been examined by the company's external auditor and their report is presented on page 4. The annual financial statements have been prepared on the going concern basis,

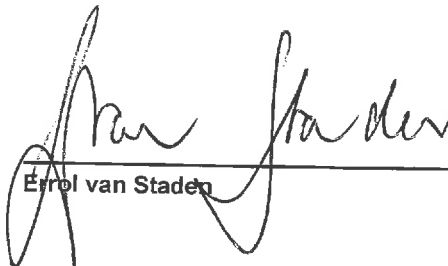
The annual financial statements set out on page 4, were approved by the directors on 05 November 2020 and were signed by them or on their behalf by:

#### Approval of financial statements



---

Tobias Herold Louw



---

Errol van Staden

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Directors' Report

---

The directors submit their report for the year ended 31 August 2020.

### 1. Review of activities

#### Main business and operations

Net surplus of the company was R3,844,628 (2019: surplus R647,543), after taxation of R- (2019: R-).

During December 2018, the Overstrand Municipality (OM) announced that the old CID (City Improvement District)-bylaw was to be repealed and that HPP would have to 'wind down'

It was also announced that the collection of the additional rate on property values for the purpose of funding HPP-operations would terminate on 30 June 2019

Mindful of the impact if HPP was to disappear from the scene and that only registered HPP-members could decide HPP's future, a few property owners formed an action group to prevent the 'winding down' process, avert the transfer of HPP-assets to the OM, and to explore an alternative funding solution to ensure continued safety in public open space

On the 12 August 2019 at a Special General Meeting the incumbent Board, in their entirety opted to resign. A new Board was duly appointed at the same meeting.

Meanwhile, an application by another party was lodged for the establishment of a Special Rating Area (SRA) in terms of the OM's SRA-policy and bylaw over the HPP-footprint.

### 2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

### 3. Director

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
Charles Peter Westraat	Director until 12 August 2019
Coenraad Johannes Bierman	Director until 12 August 2019
Karen Dionne Brice	
Michael David Austin Clark	Director until 12 August 2019
Roger Vernon F Smith	Director until 12 August 2019
Barend Gerhardus Jansen van Vuuren	Director from 12 August 2019
Guy Leonard Redford	Director from 12 August 2019
Clinton Henri Lerm	Director from 12 August 2019
Tobias Herold Louw	Director from 12 August 2019
Errol van Staden	Director from 12 August 2019

### 4. Auditors

Hermanus Accounting will continue in office for the next financial period.

# HERMANUS ACCOUNTING

Chartered Accountants  
Geregistreeerde Rekenmeesters  
Practice Number: 04878032

Cegela House  
20 Hope Street  
P O Box 1810 Posbus  
Hermanus 7200  
Tel: (028) 3130741  
Fax: (028) 3130747  
E-Mail: [almero@hermanus.co.za](mailto:almero@hermanus.co.za)  
E-Mail: [juan@hermanus.co.za](mailto:juan@hermanus.co.za)

## Independent Auditor's Report

---

To the Directors of Hermanus Public Protection

### Opinion

We have audited the annual financial statements of Hermanus Public Protection (the company) set out on pages 7 to 12, which comprise the statement of financial position as at 31 August 2020, statement of income and retained earnings, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Hermanus Public Protection as at 31 August 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act, 2008 (No. 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 Annual 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 annual 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 "Hermanus Public Protection annual financial statements for the year ended 31 August 2020", which includes the Directors' Report as required by the Companies Act, 2008 (No. 71 of 2008) and the supplementary information as set out on pages 8 to 12, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

# Independent Auditor's Report

---

## Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act, 2008 (No. 71 of 2008), and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 Annual Financial Statements

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



---

Hermanus Accounting  
Juan Pieterse  
Chartered Accountants (SA)  
Registered Auditor

05 November 2020  
Hermanus

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Statement of Financial Position as at 31 August 2020

Figures in Rand	Note(s)	2020	2019
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	630,193	1,085,360
Current Assets			
Trade and other receivables	3	35,931	78,742
Cash and cash equivalents	4	568,669	4,250,078
		<b>604,600</b>	<b>4,328,820</b>
<b>Total Assets</b>		<b>1,234,793</b>	<b>5,414,180</b>
<b>Equity and Liabilities</b>			
Equity and reserves			
Retained surplus		938,762	4,783,390
Liabilities			
Current Liabilities			
Trade and other payables	5	296,031	630,790
<b>Total Equity and Liabilities</b>		<b>1,234,793</b>	<b>5,414,180</b>



# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Detailed Statement of Income and Retained Earnings

Figures in Rand	Note(s)	2020	2019
<b>Revenue</b>			
Rendering of services		36,730	6,369,661
<b>Other income</b>			
Donations		497,668	-
Other income		6,003	-
		<b>503,671</b>	<b>-</b>
<b>Operating expenses</b>			
ADT Patrol expense		(3,573,793)	(6,056,989)
Accounting fees		(17,350)	(17,250)
Advertising		(10,214)	(14,595)
Auditors remuneration	9	(21,480)	(14,320)
Bank charges		(3,930)	(3,687)
Cliff path cleansing services		(18,050)	(236,175)
Consulting and professional fees		(136,000)	(217,333)
Depreciation, amortisation and impairments		(455,167)	(433,907)
IT expenses		(14,500)	-
Insurance		(4,679)	(1,353)
Lease rentals on operating lease		(40,729)	(44,548)
Legal expenses		(21,220)	(15,000)
Postage		(465)	(200)
Printing and stationery		(15,159)	(20,467)
Repairs and maintenance		(20,084)	(2,185)
Repairs and maintenance - CCTV maintenance contract		(136,623)	(164,257)
Secretarial fees		(11,896)	(25,129)
Subscriptions		(3,673)	(3,490)
Telephone and fax		(5,019)	(8,289)
		<b>(4,510,031)</b>	<b>(7,279,174)</b>
<b>Operating loss</b>		<b>(3,969,630)</b>	<b>(909,513)</b>
Investment income	8	125,002	261,970
<b>Surplus for the year</b>		<b>(3,844,628)</b>	<b>(647,543)</b>
Opening balance		4,783,388	5,430,932
<b>Retained surplus at the end of the year</b>		<b>938,760</b>	<b>4,783,389</b>

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
<b>Cash flows from operating activities</b>			
Cash used in operations	10	(3,806,411)	(7,273)
Interest income		125,002	261,970
<b>Net cash from operating activities</b>		<b>(3,681,409)</b>	<b>254,697</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	-	(374,225)
<b>Total cash movement for the year</b>		<b>(3,681,409)</b>	<b>(119,528)</b>
Cash at the beginning of the year		4,250,078	4,369,606
<b>Total cash at end of the year</b>	4	<b>568,669</b>	<b>4,250,078</b>

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Accounting Policies

---

### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act, 2008 (No. 71 of 2008). The 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.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

---

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
IT equipment	Straight line	3 years
Security equipment	Straight line	5 years

#### 1.2 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 sales taxes and discounts.

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

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Notes to the Annual Financial Statements

Figures in Rand

2020

2019

### 2. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	10,636	(7,963)	2,673	10,636	(6,190)	4,446
Office equipment	21,339	(10,705)	10,634	21,339	(7,148)	14,191
IT equipment	18,216	(13,522)	4,694	18,216	(8,829)	9,387
Security equipment	2,252,068	(1,639,876)	612,192	2,252,068	(1,194,732)	1,057,336
<b>Total</b>	<b>2,302,259</b>	<b>(1,672,066)</b>	<b>630,193</b>	<b>2,302,259</b>	<b>(1,216,899)</b>	<b>1,085,360</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Depreciation	Closing balance
Furniture and fixtures	4,446	(1,773)	2,673
Office equipment	14,191	(3,557)	10,634
IT equipment	9,387	(4,693)	4,694
Security equipment	1,057,336	(445,144)	612,192
	<b>1,085,360</b>	<b>(455,167)</b>	<b>630,193</b>

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	5,632	-	(1,186)	4,446
Office equipment	12,725	5,734	(4,268)	14,191
IT equipment	-	14,080	(4,693)	9,387
Security equipment	1,126,685	354,411	(423,760)	1,057,336
	<b>1,145,042</b>	<b>374,225</b>	<b>(433,907)</b>	<b>1,085,360</b>

### 3. Trade and other receivables

VAT	35,931	78,742
-----	--------	--------

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	77,623	4,534
Short-term deposits	491,046	4,245,544
	<b>568,669</b>	<b>4,250,078</b>

### 5. Trade and other payables

Trade payables	286,531	627,290
Accrued audit fees	9,500	3,500
	<b>296,031</b>	<b>630,790</b>

# Hermanus Public Protection

(Registration number: 1999/015007/08)

Annual Financial Statements for the year ended 31 August 2020

## Notes to the Annual Financial Statements

Figures in Rand	2020	2019
<b>6. Revenue</b>		
Rendering of services	<u>36,730</u>	<u>6,369,661</u>
<b>7. Depreciation, amortisation and impairments</b>		
The following items are included within depreciation, amortisation and impairments:		
<b>Depreciation</b>		
Property, plant and equipment	<u>455,167</u>	<u>433,907</u>
<b>8. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	<u>125,002</u>	<u>261,970</u>
<b>9. Auditor's remuneration</b>		
Fees	10,600	12,620
Tax and secretarial services	10,880	1,700
	<u>21,480</u>	<u>14,320</u>
<b>10. Cash used in operations</b>		
Surplus before taxation	(3,844,628)	(647,543)
<b>Adjustments for:</b>		
Depreciation and amortisation	455,167	433,907
Interest received	(125,002)	(261,970)
<b>Changes in working capital:</b>		
Trade and other receivables	42,811	592,222
Trade and other payables	(334,759)	(123,889)
	<u>(3,806,411)</u>	<u>(7,273)</u>
<b>11. Events after the reporting period</b>		

The annual financial statements were authorised for issue on 05 November 2020 by the board of directors of the company.

The board is aware of the covid-19 pandemic as well as the country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the board is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the company. The financial estimate cannot be determined reliably as the extent of covid-19 is unknown. An analysis has been prepared by the board, regarding the potential long-term effect of the disease, based on information available at approval date. This analysis is continuously updated. The analysis as at the date of approval is outlined below: