

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

**Annual Financial Statements
for the year ended 30 June 2023**

Audited Financial Statements

in compliance with the Companies Act of South Africa

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2023

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Annual Financial Statements for the year ended 30 June 2023

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	1999/015007/08
Nature of Business and Principal Activities	The company provides public protection and cleansing services through the Hermanus special rating area.
Board of Directors	Ann Elizabeth Wright Leon Alewyn Rauch Gerrit David van Niekerk Tobias Herold Louw (Resigned 13 September 2022) Errol van Staden (Resigned 13 September 2022)
Registered Office	20 Hope Street Hermanus 7200
Auditors	Pragma Konsult 20 Hope Street Hermanus 7200

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Director's Responsibilities and Approval

The board of directors is required by the Companies Act of South Africa to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

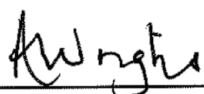
The board of directors acknowledges that it is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the board of directors to meet these responsibilities, the board of directors 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 office bearers 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.

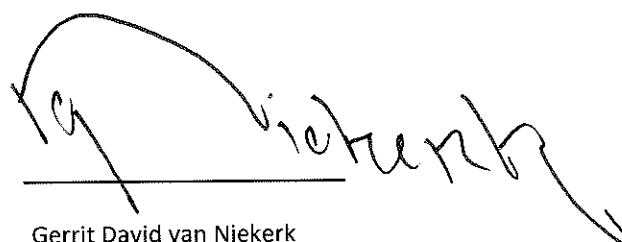
The board of directors is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the board of directors has no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Pragma Konsult, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder, the board of directors and committees of the board of directors. The board of directors believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 6 to 7.

The annual financial statements set out on pages 8 to 16, and the supplementary information set out on pages 17 to 18 which have been prepared on the going concern basis, were approved by the board of directors and were signed on 15 August 2023 on its behalf by:



Ann Elizabeth Wright



Gerrit David van Niekerk

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Director's Responsibilities and Approval



Leon Alewyn Rauch

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Director's Report

The board of directors presents its report for the year ended 30 June 2023.

1. Review of activities

Main business and operations

The company provides public protection and cleansing services through the Hermanus special rating area. There were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual 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.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The board of directors is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Board of Directors

The board of directors of the company during the year and up to the date of this report is as follows:

Ann Elizabeth Wright

Leon Alewyn Rauch

Gerrit David van Niekerk

Tobias Herold Louw (Resigned 13 September 2022)

Errol van Staden (Resigned 13 September 2022)

5. Independent Auditors

Pragma Konsult were the independent auditors for the year under review.

Independent Auditor's Report

To the Shareholder of Hermanus Public Protection NPC

Opinion

We have audited the annual financial statements of Hermanus Public Protection NPC set out on pages 8 to 16, which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and 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 NPC as at 30 June 2023, 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 Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Annual Financial Statements

The board of directors is 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 of South Africa, and for such internal control as the board of directors determines 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 board of directors is 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 board of directors either intends to liquidate the company or to cease operations, or has 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 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 annual 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 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 board of directors.
- Conclude on the appropriateness of the board of 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 board of 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.

Pragma Konsult



15 August 2023

Per: Juan Pieterse
Director / Partner
Registered Auditor

20 Hope Street
Hermanus
7200



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Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position

Figures in R

	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	4	<u>1,771,269</u>	<u>1,494,535</u>
Current assets			
Trade and other receivables	5	30,967	36,664
Cash and cash equivalents	6	<u>4,029,676</u>	<u>4,196,034</u>
Total current assets		<u>4,060,643</u>	<u>4,232,698</u>
Total assets		<u>5,831,912</u>	<u>5,727,233</u>
Equity and liabilities			
Equity			
Accumulated surplus		<u>4,982,979</u>	<u>4,899,157</u>
Liabilities			
Current liabilities			
Trade and other payables	7	<u>848,933</u>	<u>828,076</u>
Total equity and liabilities		<u>5,831,912</u>	<u>5,727,233</u>

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Statement of Comprehensive Income

Figures in R

	Notes	2023	2022
Revenue		8,720,115	7,855,908
Other income		103,403	933,177
Administrative expenses		(250,960)	(102,397)
Other expenses		(8,595,033)	(7,570,223)
(Deficit) / surplus from operating activities	8	(22,475)	1,116,465
Finance income	9	106,297	123,560
Surplus for the year		83,822	1,240,025

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Statement of Changes in Equity

Figures in R	Accumulated surplus	Total
Balance at 1 July 2021	3,659,132	3,659,132
Changes in equity		
Surplus for the year	1,240,025	1,240,025
Total comprehensive income for the year	1,240,025	1,240,025
Balance at 30 June 2022	4,899,157	4,899,157
Balance at 1 July 2022	4,899,157	4,899,157
Changes in equity		
Surplus for the year	83,822	83,822
Total comprehensive income for the year	83,822	83,822
Balance at 30 June 2023	4,982,979	4,982,979

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Statement of Cash Flows

Figures in R

	Note	2023	2022
Cash flows from operations			
Surplus for the year		83,822	1,240,025
Adjustments to reconcile surplus			
Adjustments for finance income		(106,297)	(123,560)
Adjustments for (increase) / decrease in trade accounts receivable		(3,380)	420
Adjustments for decrease / (increase) in other operating receivables		9,077	(36,664)
Adjustments for increase in trade accounts payable		19,258	134,465
Adjustments for increase / (decrease) in other operating payables		1,600	(4,159)
Adjustments for depreciation and amortisation expense		447,924	735,335
Total adjustments to reconcile surplus		368,182	705,837
Net cash flows from operations		452,004	1,945,862
Interest received		106,297	123,560
Net cash flows from operating activities		558,301	2,069,422
Cash flows used in investing activities			
Purchase of property, plant and equipment		(724,659)	(1,636,252)
Cash flows used in investing activities		(724,659)	(1,636,252)
Net (decrease) / increase in cash and cash equivalents		(166,358)	433,170
Cash and cash equivalents at beginning of the year		4,196,034	3,762,864
Cash and cash equivalents at end of the year	6	4,029,676	4,196,034

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. General information

Hermanus Public Protection NPC ('the company') provides public protection and cleansing services through the Hermanus special rating area.

2. Basis of preparation and summary of significant accounting policies

The annual financial statements of Hermanus Public Protection NPC have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Companies Act of South Africa. The annual financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the board of directors.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation rate
Security equipment	5 years
Fixtures and fittings	6 years
Office equipment	5 years
Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

2.2 Financial instruments

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest income is recognised using the effective interest method.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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Notes to the Annual Financial Statements

Figures in R

2023

2022

4. Property, plant and equipment

Balances at year end and movements for the year

	Security equipment	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 30 June 2023					
Balance at 1 July 2022					
At cost	4,146,702	20,771	43,863	117,886	4,329,222
Accumulated depreciation	(2,719,250)	(11,761)	(27,764)	(75,912)	(2,834,687)
Carrying amount	1,427,452	9,010	16,099	41,974	1,494,535
Movements for the year ended 30 June 2023					
Additions from acquisitions	585,730	-	17,990	120,939	724,659
Depreciation	(394,782)	(1,689)	(8,799)	(42,655)	(447,925)
Property, plant and equipment at the end of the year	1,618,400	7,321	25,290	120,258	1,771,269
Closing balance at 30 June 2023					
At cost	4,732,432	20,771	61,853	238,825	5,053,881
Accumulated depreciation	(3,114,032)	(13,450)	(36,563)	(118,567)	(3,282,612)
Carrying amount	1,618,400	7,321	25,290	120,258	1,771,269
Reconciliation for the year ended 30 June 2022					
Balance at 1 July 2021					
At cost	2,536,370	10,636	28,078	117,886	2,692,970
Accumulated depreciation	(2,033,777)	(9,441)	(19,518)	(36,617)	(2,099,353)
Carrying amount	502,593	1,195	8,560	81,269	593,617
Movements for the year ended 30 June 2022					
Additions from acquisitions	1,610,332	10,135	15,785	-	1,636,252
Depreciation	(685,473)	(2,320)	(8,246)	(39,295)	(735,334)
Property, plant and equipment at the end of the year	1,427,452	9,010	16,099	41,974	1,494,535
Closing balance at 30 June 2022					
At cost	4,146,702	20,771	43,863	117,886	4,329,222
Accumulated depreciation	(2,719,250)	(11,761)	(27,764)	(75,912)	(2,834,687)
Carrying amount	1,427,452	9,010	16,099	41,974	1,494,535

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Notes to the Annual Financial Statements

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5. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	3,380	-
Value added tax	27,587	36,664
	<u>30,967</u>	<u>36,664</u>

6. Cash and cash equivalents

6.1 Cash and cash equivalents included in current assets:

Cash		
Balances with banks	<u>4,029,676</u>	<u>4,196,034</u>

6.2 Detail of cash and cash equivalent balances

Bank balances		
Bank balances	757,293	1,066,947
Short-term deposits	1,165,905	1,034,682
FNB Investment	2,106,478	2,094,405
Total	<u>4,029,676</u>	<u>4,196,034</u>

6.3 Provision of a Reserve Fund

HPP, in accordance with the Financial Agreement need to, at all times, maintain a reserve equal to two months' revenue. For 22/23 it is equal to R1,346,550.

7. Trade and other payables

Trade and other payables comprise:

Trade creditors	835,233	815,976
Accrued liabilities	13,700	12,100
Total trade and other payables	<u>848,933</u>	<u>828,076</u>

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Notes to the Annual Financial Statements

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8. (Deficit) / surplus from operating activities

(Deficit) / surplus from operating activities includes the following separately disclosable items

Other operating expenses

Property plant and equipment

- depreciation

447,924

735,335

Leases

- operating lease minimum lease rentals

42,744

38,915

Audit fees

Auditors remuneration - Fees

12,200

11,170

9. Finance income

Finance income comprises:

Interest received

106,297

123,560

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Detailed Income Statement

Figures in R

	Notes	2023	2022
Revenue			
Admin and management fees		8,720,115	7,855,908
Other income			
Donations - Arum Street		500	48,555
Donations - CBD		22,000	-
Donations - Eastcliff		14,500	566,492
Donations - Fenrkloof Camera Project		-	65,000
Donations - Mimosa Road		8,550	35,000
Donations - Westcliff		37,958	154,675
Donations received		-	23,163
Insurance claim received		12,678	40,292
Sundry income		7,217	-
		103,403	933,177
Administrative expenses			
Accounting fees		(26,900)	(22,000)
Auditors remuneration - Fees		(12,200)	(11,170)
Bank charges		(3,318)	(5,866)
Computer expenses		(6,021)	(1,781)
Secretarial fees		(900)	(1,800)
Subscriptions		(171,692)	(38,103)
Telecommunication		(29,929)	(21,677)
		(250,960)	(102,397)

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Detailed Income Statement

Figures in R

	Notes	2023	2022
Other expenses			
ADT Patrol expense		(6,494,384)	(5,643,144)
Advertising		(4,974)	(4,574)
Cliff path cleaning services		(464,740)	(358,060)
Coastcare - clearing		(2,026)	(15,930)
Consulting fees		(472,500)	(339,300)
Depreciation - property, plant and equipment		(447,924)	(735,335)
Donations		(3,000)	(17,298)
General expenses		(6,868)	-
Insurance		(31,797)	(16,025)
Legal expense		(5,500)	-
Operating lease expense		(42,744)	(38,915)
Postage		(5,374)	(6,201)
Printing and stationery		(12,244)	(8,366)
Refreshments		(14,119)	(3,242)
Repairs and maintenance		(27,630)	(19,699)
Repairs and maintenance - CCTV maintenance contract		(541,974)	(363,634)
Secretary		(4,796)	-
Special project - Homeless		(1,000)	-
Training		(11,439)	(500)
		(8,595,033)	(7,570,223)
(Deficit) / surplus from operating activities	8	(22,475)	1,116,465
Finance income	9		
Interest received		106,297	123,560
Surplus for the year		83,822	1,240,025

