

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

**Annual Financial Statements
for the year ended 30 June 2024**

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 2024

Index

	Page
General Information	2
Directors' Responsibilities and Approval	3
Directors' Report	4
Independent Auditor's Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Annual Financial Statements	13 - 16
The supplementary information presented does not form part of the Financial Statements and is unaudited: Detailed Income Statement	17 - 18

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

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
Registered Office	20 Hope Street Hermanus 7200
Auditors	Pragma Konsult 20 Hope Street Hermanus 7200

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Directors' 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. These annual financial statements have been prepared in accordance with the IFRS for SMEs[®] Accounting Standard as issued by the International Accounting Standards Board (IASB[®]) and 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 5 to 6.

The annual financial statements set out on pages 7 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 2 August 2024 on its behalf by:



Ann Elizabeth Wright



Leon Alewyn Rauch



Gerrit David van Niekerk

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Directors' Report

The board of directors presents its report for the year ended 30 June 2024.

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

5. Independent Auditors

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

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Independent Auditor's Report

To the Shareholder of Hermanus Public Protection NPC

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Hermanus Public Protection NPC set out on pages 7 to 16, which comprise the statement of financial position as at 30 June 2024, 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 2024, and its financial performance and cash flows for the year then ended in accordance with the IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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.



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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:

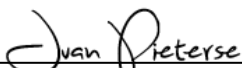
- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

Report on Other Legal and Regulatory Requirements

Pragma Konsult

2 August 2024



Per: Juan Pieterse
Registered Auditor
Registered Auditor

20 Hope Street
Hermanus
7200



Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position

Figures in R

Notes

2024

2023

Assets

Non-current assets

Property, plant and equipment	4	<u>1,187,882</u>	<u>1,771,269</u>
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Current assets

Trade and other receivables	5	9,334	30,967
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Cash and cash equivalents	6	<u>4,260,651</u>	<u>4,029,676</u>
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Total current assets		<u>4,269,985</u>	<u>4,060,643</u>
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Total assets		<u>5,457,867</u>	<u>5,831,912</u>
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Equity and liabilities

Equity

Accumulated surplus		<u>4,507,515</u>	<u>4,982,979</u>
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Liabilities

Current liabilities

Trade and other payables	7	<u>950,352</u>	<u>848,933</u>
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Total equity and liabilities		<u>5,457,867</u>	<u>5,831,912</u>
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Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Statement of Comprehensive Income

Figures in R	Notes	2024	2023
Revenue		10,085,088	8,720,115
Other income		256,844	103,403
Administrative expenses		(231,072)	(250,959)
Other expenses		(11,013,872)	(8,595,033)
Deficit from operating activities	8	(903,012)	(22,474)
Finance income	9	427,548	106,297
(Deficit) / surplus for the year		(475,464)	83,823

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Equity

Figures in R	Accumulated surplus	Total
Balance at 1 July 2022	4,899,156	4,899,156
Changes in equity		
Surplus for the year	83,823	83,823
Total comprehensive income for the year	83,823	83,823
Balance at 30 June 2023	4,982,979	4,982,979
Balance at 1 July 2023	4,982,979	4,982,979
Changes in equity		
Deficit for the year	(475,464)	(475,464)
Total comprehensive income for the year	(475,464)	(475,464)
Balance at 30 June 2024	4,507,515	4,507,515

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Statement of Cash Flows

Figures in R

Note 2024 2023

Figures in R	Note	2024	2023
Cash flows from operations			
(Deficit) / surplus for the year		(475,464)	83,823
Adjustments to reconcile (deficit) / surplus			
Adjustments for finance income		(427,548)	(106,297)
Adjustments for decrease / (increase) in trade accounts receivable		3,380	(3,380)
Adjustments for decrease in other operating receivables		18,253	9,077
Adjustments for increase in trade accounts payable		101,419	19,257
Adjustments for increase in other operating payables		-	1,600
Adjustments for depreciation and amortisation expense		1,104,914	447,924
Total adjustments to reconcile (deficit) / surplus		800,418	368,181
Net cash flows from operations		324,954	452,004
Interest received		427,548	106,297
Net cash flows from operating activities		752,502	558,301
Cash flows used in investing activities			
Purchase of property, plant and equipment		(521,527)	(724,659)
Cash flows used in investing activities		(521,527)	(724,659)
Net increase / (decrease) in cash and cash equivalents		230,975	(166,358)
Cash and cash equivalents at beginning of the year		4,029,676	4,196,034
Cash and cash equivalents at end of the year	6	4,260,651	4,029,676

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

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 IFRS for SMEs Accounting Standard as issued by the International Accounting Standards Board 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.

Asset class	Useful life / depreciation rate
Security equipment	5 years
Motor vehicles	
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.

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies continued...

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.

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.

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in R

4. Property, plant and equipment

Balances at year end and movements for the year

	Security equipment	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 30 June 2024						
Balance at 1 July 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
Movements for the year ended 30 June 2024						
Additions from acquisitions	457,277	64,250	-	-	-	521,527
Depreciation	(996,087)	(10,708)	(3,462)	(12,370)	(82,287)	(1,104,914)
Property, plant and equipment at the end of the year	1,079,590	53,542	3,859	12,920	37,971	1,187,882
Closing balance at 30 June 2024						
At cost	5,189,709	64,250	20,771	61,853	238,825	5,575,408
Accumulated depreciation	(4,110,119)	(10,708)	(16,912)	(48,933)	(200,854)	(4,387,526)
Carrying amount	1,079,590	53,542	3,859	12,920	37,971	1,187,882

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements continued...

Figures in R

Property, plant and equipment continued...

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

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements continued...

Figures in R

2024

2023

5. Trade and other receivables

Trade and other receivables comprise:

Trade receivables	-	3,380
Value added tax	9,334	27,587
	<u>9,334</u>	<u>30,967</u>

6. Cash and cash equivalents

6.1 Cash and cash equivalents included in current assets:

Cash

Balances with banks	<u>4,260,651</u>	<u>4,029,676</u>
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6.2 Detail of cash and cash equivalent balances

Bank balances

Bank balances	925,719	757,293
Short-term deposits	894,684	1,165,905
FNB Investment	2,440,248	2,106,478
Total	<u>4,260,651</u>	<u>4,029,676</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 23/24 it is equal to R1,550 984.

7. Trade and other payables

Trade and other payables comprise:

Trade creditors	936,652	835,233
Accrued liabilities	13,700	13,700
Total trade and other payables	<u>950,352</u>	<u>848,933</u>

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements continued...

Figures in R

2024

2023

8. Deficit from operating activities

Deficit from operating activities includes the following separately disclosable items

Other operating expenses

Property plant and equipment

- depreciation

1,104,914

447,924

Leases

- operating lease minimum lease rentals

40,662

42,744

Audit fees

Auditors remuneration - Fees

11,500

12,200

9. Finance income

Finance income comprises:

Interest received

427,548

106,297

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Detailed Income Statement

Figures in R

Notes

2024

2023

Revenue

HSRA rates received		10,085,088	8,720,115
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Other income

Donations - Arum Street		-	500
Donations - CBD		-	22,000
Donations - Eastcliff		-	14,500
Donations - Kwaiwater		133,870	-
Donations - Mimosa Road		-	8,550
Donations - Westcliff		-	37,958
Insurance claim received		-	12,678
Insurance refund		122,974	2,000
Sundry income		-	5,217
		256,844	103,403

Administrative expenses

Accounting fees		(33,250)	(26,900)
Auditors remuneration - Fees		(11,500)	(12,200)
Bank charges		(3,735)	(3,317)
Computer expenses		(449)	(6,021)
Secretarial fees		(4,480)	(900)
Subscriptions		(149,670)	(171,692)
Telecommunication		(27,988)	(29,929)
		(231,072)	(250,959)

Hermanus Public Protection NPC

(Registration Number 1999/015007/08)

Annual Financial Statements for the year ended 30 June 2024

Detailed Income Statement continued...

Figures in R	Notes	2024	2023
Other expenses			
ADT Patrol expense		(7,696,587)	(6,494,384)
Advertising		(11,007)	(4,974)
Cliff path cleaning services		(548,220)	(464,740)
Coastcare - clearing		(11,000)	(2,026)
Consulting fees		(557,332)	(472,500)
Depreciation - property, plant and equipment		(1,104,914)	(447,924)
Donations		-	(3,000)
General expenses		(7,066)	(6,868)
Generator diesel		(10,443)	-
Insurance		(50,092)	(31,797)
Legal expense		(7,327)	(5,500)
Operating lease expenses		(40,662)	(42,744)
Postage		(7,098)	(5,374)
Printing and stationery		(20,445)	(12,244)
Refreshments		(36,143)	(14,119)
Repairs and maintenance		(78,730)	(27,630)
Repairs and maintenance - CCTV maintenance contract		(816,971)	(541,974)
Secretary		-	(4,796)
Special project - Homeless		-	(1,000)
Training		(7,619)	(11,439)
Travel - Local		(2,216)	-
		(11,013,872)	(8,595,033)
Deficit from operating activities	8	(903,012)	(22,474)
Finance income	9		
Interest received		427,548	106,297
(Deficit) / surplus for the year		(475,464)	83,823