

Hermanus Ratepayers Association

(Association Not For Gain)

Annual Financial Statements

for the year ended 31 December 2022

Hermanus Ratepayers Association

(Association Not For Gain)

Annual Financial Statements for the year ended 31 December 2022

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Annual Financial Statements for the year ended 31 December 2022

General Information

Country of Incorporation and Domicile	South Africa
Nature of Entity	Association Not For Gain
Nature of Business and Principal Activities	The non-profit organisation is a community-based, registered Public Benefit Organisation that was set up in the 1960s to help preserve the character and natural beauty of Hermanus in a sustainable manner.
Executive Committee Representatives	Brian Wridgway (Chairperson) Michael Bourne (Treasurer) Arlene Ross-Smith Jenny Howard James Thom Cathy Wright (Appointed 30 June 2022) John Bristow (Appointed 30 June 2022) Anne Stern (Appointed 30 September 2022) Jan Cilliers (Resigned 31 December 2021)
Registered Office	1 Smuts Avenue Westcliff Hermanus South Africa 7200
Bankers	Nedbank
Income Tax Number	9144993228
Independent Reviewers	Cypress Consulting

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Executive Committee's Responsibilities and Approval

The executive committee are required by the constitution 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 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 non-profit organisation, and explain the transactions and financial position of the business of the non-profit organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit organisation and supported by reasonable and prudent judgements and estimates.

The executive committee acknowledge that they are ultimately responsible for the system of internal financial control established by the non-profit organisation and place considerable importance on maintaining a strong control environment. To enable the executive committee to meet these responsibilities, the executive committee 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 non-profit organisation and all office bearers are required to maintain the highest ethical standards in ensuring the non-profit organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the non-profit organisation is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit organisation. While operating risk cannot be fully eliminated, the non-profit organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The executive committee 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the executive committee have no reason to believe that the non-profit organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the non-profit organisation.

The independent reviewers are responsible for independently reviewing and reporting on the non-profit organisation's annual financial statements. The independent reviewers report is presented on page 4.

The annual financial statements set out on pages 5 to 12, and the supplementary information set out on page 13 which have been prepared on the going concern basis, were approved by the executive committee and were signed on 14 February 2023 on their behalf by:



Brian Wridgway (Chairperson)



Michael Bourne (Treasurer)

Report of the Independent Reviewer

To the Members of Hermanus Ratepayers Association

We have reviewed the financial statements of Hermanus Ratepayers Association set out on pages 5 to 12, which comprise the statement of financial position as at 31 December 2022, 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 financial statements, including a summary of significant accounting policies.

Executive Committee's Responsibility for the Annual Financial Statements

The executive committee are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the constitution, and for such internal control as the executive committee 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 these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). 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 Hermanus Ratepayers Association as at 31 December 2022, 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 constitution.

Cypress Consulting

14 February 2023



Per: Jacobus Roux
Chartered Accountant CA (SA)

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Annual Financial Statements for the year ended 31 December 2022

Statement of Financial Position

Figures in R

Notes

2022

2021

Assets

Non-current assets

Property, plant and equipment

3 14,133 12,279

Current assets

Cash and cash equivalents

4 130,686 147,544

Total assets

144,819 159,823

Reserves and Liabilities

Reserves

Retained earnings

144,819 159,823

Total Reserves and Liabilities

144,819 159,823

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Statement of Comprehensive Income

Figures in R	2022	2021
Income	23,369	23,080
Depreciation	(4,646)	(715)
Other operational expenses	(40,227)	(36,783)
Operating (deficit) / surplus	(21,504)	(14,418)
Finance income	6,500	4,522
(Deficit) / surplus for the year	(15,004)	(9,896)

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Statement of Changes in Equity

Figures in R	Retained earnings	Total
Balance at 1 January 2021	169,719	169,719
Changes in equity		
Deficit for the year	(9,896)	(9,896)
Total comprehensive income for the year	<u>(9,896)</u>	<u>(9,896)</u>
Balance at 31 December 2021	159,823	159,823
Balance at 1 January 2022	159,823	159,823
Changes in equity		
Deficit for the year	(15,004)	(15,004)
Total comprehensive income for the year	<u>(15,004)</u>	<u>(15,004)</u>
Balance at 31 December 2022	144,819	144,819

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Statement of Cash Flows

Figures in R

Note 2022 2021

Cash flows used in operations

Deficit for the year (15,004) (9,896)

Adjustments to reconcile deficit

Adjustments for finance income (6,500) (4,522)

Adjustments for depreciation expense 4,646 715

Total adjustments to reconcile deficit (1,854) (3,807)

Net cash flows used in operations

(16,858) (13,703)

Interest received 6,500 4,522

Net cash flows used in operating activities (10,358) (9,181)

Cash flows used in investing activities

Purchase of property, plant and equipment (6,500) (12,994)

Cash flows used in investing activities (6,500) (12,994)

Net decrease in cash and cash equivalents

(16,858) (22,175)

Cash and cash equivalents at beginning of the year 147,544 169,719

Cash and cash equivalents at end of the year 4 **130,686 147,544**

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Accounting Policies

1. General information

Hermanus Ratepayers Association ('the non-profit organisation') is a community-based, registered Public Benefit Organisation that was set up in the 1960s to help preserve the character and natural beauty of Hermanus in a sustainable manner.

The non-profit organisation is incorporated as a Non-Profit Organisation and domiciled in South Africa. The address of its registered office is 1 Smuts Avenue, Westcliff, Hermanus, South Africa, 7200.

2. Basis of preparation and summary of significant accounting policies

The financial statements of Hermanus Ratepayers Association have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the constitution. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit organisation's accounting policies.

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 executive committee.

Depreciation on 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
IT equipment	3 years

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 non-profit organisation will not be able to collect all amounts due according to the original terms of the receivables.

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

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Annual Financial Statements for the year ended 31 December 2022

Accounting Policies

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

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

2.2 Tax

The association has been approved as an income exempt organisation in terms of the Income Tax Act, No.58 of 1962, as amended.

2.3 Income

Income is measured at the fair value of the consideration received or receivable. Income is shown net of returns, rebates and discounts.

Subscription income

Subscription income is recognised when the income can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the association.

Donations received

Donations are accounted for on a cash received basis and where donations have been received in kind at the fair value.

Interest income

Interest income is recognised using the effective interest method.

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Notes to the Annual Financial Statements

Figures in R

2022

2021

3. Property, plant and equipment

Balances at year end and movements for the year

	<u>IT equipment</u>	<u>Total</u>
Reconciliation for the year ended 31 December 2022		
Balance at 1 January 2022		
At cost	12,994	12,994
Accumulated depreciation	(715)	(715)
Carrying amount	12,279	12,279
Movements for the year ended 31 December 2022		
Additions	6,500	6,500
Depreciation	(4,646)	(4,646)
Property, plant and equipment at the end of the year	14,133	14,133
Closing balance at 31 December 2022		
At cost	19,494	19,494
Accumulated depreciation	(5,361)	(5,361)
Carrying amount	14,133	14,133
Reconciliation for the year ended 31 December 2021		
Balance at 1 January 2021		
At cost	-	-
Accumulated depreciation	-	-
Carrying amount	-	-
Movements for the year ended 31 December 2021		
Additions	12,994	12,994
Depreciation	(715)	(715)
Property, plant and equipment at the end of the year	12,279	12,279
Closing balance at 31 December 2021		
At cost	12,994	12,994
Accumulated depreciation	(715)	(715)
Carrying amount	12,279	12,279

4. Cash and cash equivalents

4.1 Cash and cash equivalents included in current assets:

Cash

Balances with banks	130,686	147,544
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Notes to the Annual Financial Statements

Figures in R

2022

2021

Cash and cash equivalents continued...

4.2 Detail of cash and cash equivalent balances

Bank balances

Call account	126,824	140,419
Current account	3,862	7,125
Total	130,686	147,544

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Detailed Income Statement

Figures in R

	2022	2021
Income		
Subscriptions	23,369	23,080
Total revenue	23,369	23,080
Depreciation		
Depreciation - property, plant and equip.	(4,646)	(715)
Total depreciation and amortisation	(4,646)	(715)
Expenditure		
Accounting fees	(5,250)	(4,300)
Annual general meetings	(2,995)	-
Bank charges	(976)	(567)
Bypass road legal	-	(23,201)
Computer expenses	-	(900)
Donations	(1,000)	-
Election posters	-	(458)
Email domain	(930)	-
Entertainment	(2,958)	(550)
Gifts condolences	(600)	-
Marketing brochures	(6,968)	-
Newsletter and postage	-	(1,425)
Printing and stationery	(2,757)	(1,075)
Sundry expense	-	(139)
Telephone and fax	(3,699)	(1,612)
Web design advisory	(6,696)	-
Web meetings platform	(5,398)	(2,556)
Total other expenses	(40,227)	(36,783)
Deficit from operating activities	(21,504)	(14,418)
Other Income		
Investment income	6,500	4,522
Deficit for the year	(15,004)	(9,896)