

HEAT PUMP INTERNATIONAL (PTY) LTD
(Registration Number 2015/123667/07)
Annual Financial Statements
for the year ended 29 February 2020

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Annual Financial Statements for the year ended 29 February 2020

Index

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

General Information	2
Report of the Compiler	3
Directors' Responsibilities and Approval	4
Directors' Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10
Notes to the Annual Financial Statements	11 - 13
Supplementary information:	
Detailed Income Statement	14 - 15
Income Tax Computation	16

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Annual Financial Statements for the year ended 29 February 2020

General Information

Country of Incorporation and Domicile	South Africa
Directors	JA Coetsee (Appointed 1 March 2019) GB Kloot
Business Address	5 Induland Crescent Landsdowne Cape Town 7780
Income Tax Registration Number	9350013034
Value Added Tax Registration Number	4570102261
Compilers	Financial Health 32 Thom Street Paarl 7646



Report of the Compiler

To the Directors of Heat Pump International (Pty) Ltd

We have compiled the accompanying annual financial statements of Heat Pump International (Pty) Ltd based on information you have provided. These annual financial statements comprise the statement of financial position of Heat Pump International (Pty) Ltd as at 29 February 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these 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. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Financial Health

4 March 2021

JV de Kock
Director / Partner
Chartered Accountant (SA)

32 Thom Street
Paarl
7646

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Annual Financial Statements for the year ended 29 February 2020

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act 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 as 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 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 going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources the directors have 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 compilers are responsible for reporting on the company's annual financial statements. The compilation report is presented on page 3.

The annual financial statements as set out on pages 6 to 13 were approved by the board on 11 December 2020 and were signed on their behalf by:



JA Goetsee



GB Kloot

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Annual Financial Statements for the year ended 29 February 2020

Directors' Report

The directors present their report for the year ended 29 February 2020.

1. Review of activities

Main business and operations

The company is engaged in manufacturing, importing, distributing and exporting of air conditioning and other engineering products.

There have been no material changes to the nature of the company's business from the prior 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. Events after reporting date

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

The directors are 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.

3. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

4. Dividends

No dividends were declared nor paid to the shareholder during the year.

5. Directors

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

Name

JA Coetsee (Appointed 1 March 2019)

GB Kloot (Appointed 1 March 2019)

6. Secretary

No secretary has been formally appointed.

7. Non-current assets

There was no change in the nature of the non-current assets of the company or in the policies regarding their use.

8. Liquidity and solvency

The directors are satisfied that the company meets the liquidity and solvency requirements required by the Companies Act 71 of 2008.

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Statement of Financial Position

Figures in R	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	231,185	464,186
Current Assets			
Inventories	3	8,360,586	7,942,262
Trade and other receivables	4	7,516,285	7,075,694
Cash and cash equivalents		20,881	15,949
		15,897,752	15,033,905
Total Assets		16,128,937	15,498,091
Equity and Liabilities			
Equity			
Issued capital	5	100	100
(Accumulated loss) / retained earnings		(2,075,615)	94,515
		(2,075,515)	94,615
Non-Current Liabilities			
Loans from shareholders	6	4,478,059	2,776,729
Loan from associate	7	989,235	873,124
		5,467,294	3,649,853
Current Liabilities			
Trade and other payables		7,569,536	6,888,968
Dividend	8	432,737	432,737
Bank overdraft		4,734,885	4,431,918
		12,737,158	11,753,623
Total Equity and Liabilities		16,128,937	15,498,091

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Statement of Comprehensive Income

Figures in R	Note	2020	2019
Revenue		40,922,823	42,820,757
Cost of sales	9	(19,903,818)	(25,584,181)
Gross profit		<u>21,019,005</u>	<u>17,236,576</u>
Operating costs		(22,505,744)	(21,920,738)
Operating loss		<u>(1,486,739)</u>	<u>(4,684,162)</u>
Finance income		15,523	43,347
Finance costs		(698,914)	(477,491)
Loss for the year		<u>(2,170,130)</u>	<u>(5,118,306)</u>
Retained income at 1 March 2019		94,515	5,823,055
Loss for the year		(2,170,130)	(5,118,306)
Ordinary dividends		-	(610,234)
Accumulated loss at 29 February 2020		<u>(2,075,615)</u>	<u>94,515</u>

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Statement of Changes in Equity

Figures in R	Share capital	Accumulated loss	Total
Balance at 1 March 2018	100	5,823,055	5,823,155
Total comprehensive income for the year			
Loss for the year		(5,728,540)	(5,728,540)
Total comprehensive income for the year	-	(5,728,540)	(5,728,540)
Balance at 28 February 2019	100	94,515	94,615
Balance at 1 March 2019	100	94,515	94,615
Total comprehensive income for the year			
Loss for the year		(2,170,130)	(2,170,130)
Total comprehensive income for the year	-	(2,170,130)	(2,170,130)
Balance at 29 February 2020	100	(2,075,615)	(2,075,515)

Note

5

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Statement of Cash Flows

Figures in R	Note(s)	2020	2019
Cash flows used in operating activities			
Loss for the year		(2,170,130)	(5,118,306)
<i>Adjustments for:</i>			
Finance costs		698,914	477,491
Depreciation of property, plant and equipment		233,001	310,275
Investment income		(15,523)	(43,347)
Operating cash flow before working capital changes		(1,253,738)	(4,373,887)
<i>Working capital changes</i>			
(Increase) / decrease in inventories		(418,324)	445,511
(Increase) / decrease in trade and other receivables		(1,142,366)	806,149
Increase in trade and other payables		1,382,343	1,037,461
Net cash flows used in operations		(1,432,085)	(2,084,766)
Investment income		15,523	43,347
Finance costs		(698,914)	(477,491)
Tax refunded		-	174,423
Net cash flows used in operating activities		(2,115,476)	(2,344,487)
			-
Cash flows used in investing activities			
Property, plant and equipment acquired	2	-	(42,156)
Finance lease payments received		-	-
Net cash flows used in investing activities		-	(42,156)
Cash flows from financing activities			
Loans raised		116,111	909,920
Finance lease payments		-	-
Shareholders' loans raised		1,701,330	-
Dividends paid		-	(534,423)
Net cash flows from financing activities		1,817,441	375,497
Net decrease in cash and cash equivalents		(298,035)	(2,011,146)
Cash and cash equivalents at beginning of the year		(4,415,969)	(2,404,823)
Cash and cash equivalents at end of the year		(4,714,004)	(4,415,969)

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Accounting Policies

1. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

1.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include 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.

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been significant change from the previous estimates.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Plant and equipment	20.00%
Furniture and fittings	16.67%
IT equipment	33.33%

1.2 Inventories

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

1.3 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate 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.

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in R

2020

2019

2. Property, plant and equipment

	Cost	Accumulated depreciation	2020 Carrying value	Cost	Accumulated depreciation	2019 Carrying value
<i>Owned assets</i>						
Plant and equipment	663,279	(644,060)	19,219	663,279	(625,366)	37,913
Motor vehicles	1,698,319	(1,510,537)	187,782	1,698,319	(1,308,336)	389,983
Furniture and fittings	22,764	(22,760)	4	22,764	(22,760)	4
Office equipment	139,766	(133,326)	6,440	139,766	(129,966)	9,800
IT equipment	225,507	(207,767)	17,740	225,507	(199,021)	26,486
	<u>2,749,635</u>	<u>(2,518,450)</u>	<u>231,185</u>	<u>2,749,635</u>	<u>(2,285,449)</u>	<u>464,186</u>

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2020 Carrying value at end of year
<i>Owned assets</i>					
Plant and equipment	37,913	-	-	(18,694)	19,219
Motor vehicles	389,983	-	-	(202,201)	187,782
Furniture and fittings	4	-	-	-	4
Office equipment	9,800	-	-	(3,360)	6,440
IT equipment	26,486	-	-	(8,746)	17,740
	<u>464,186</u>	<u>-</u>	<u>-</u>	<u>(233,001)</u>	<u>231,185</u>

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
Plant and equipment	51,719	25,200	-	(39,006)	37,913
Motor vehicles	640,610	-	-	(250,627)	389,983
Furniture and fittings	4	-	-	-	4
Office equipment	13,160	-	-	(3,360)	9,800
IT equipment	26,812	16,956	-	(17,282)	26,486
	<u>732,305</u>	<u>42,156</u>	<u>-</u>	<u>(310,275)</u>	<u>464,186</u>

3. Inventories

Inventories comprise:

Raw materials	4,248,238	7,699,253
Work in progress	4,112,348	243,009
	<u>8,360,586</u>	<u>7,942,262</u>

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in R	2020	2019
4. Trade and other receivables		
Trade debtors	7,505,372	6,204,780
Deposits	10,913	10,913
Value Added Tax	-	70,095
Debtors with credit balances	-	701,774
Staff loans	-	88,132
	<u>7,516,285</u>	<u>7,075,694</u>
5. Share capital		
Issued		
100 Fully paid ordinary shares of no par value	<u>100</u>	<u>100</u>
6. Loans from shareholders		
JA Coetsee	1,195,223	1,109,230
GB Kloot	32,477	-
LJ Kloot	1,845,938	1,667,499
DB Kloot	1,404,421	-
	<u>4,478,059</u>	<u>2,776,729</u>
7. Loan from associate		
Batis Properties 2 CC	<u>989,235</u>	<u>873,124</u>
8. Dividend		
Balance at the beginning of the year	(432,737)	(356,926)
Dividends	-	(610,234)
Balance at the end of the year	-	432,737
Dividends payable	<u>(432,737)</u>	<u>(534,423)</u>
9. Cost of Sales		
Opening stock	7,942,262	8,387,773
Electricity and water	203,755	169,553
Loose Tools	30,195	50,744
Purchases	18,614,058	24,336,456
Depr. - Plant & Machinery	18,694	39,006
Discount allowed	558,788	438,205
Repairs and maintenance	51,372	40,918
Professional Fees (Subcontractors)	61,540	63,788
Purchases	783,740	-
Closing stock	<u>(8,360,586)</u>	<u>(7,942,262)</u>
	<u>19,903,818</u>	<u>25,584,181</u>

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in R	2020	2019
--------------	------	------

10. Directors' emoluments

Name	Fees paid to director for services	Fees paid for acceptance of office	Salary	Bonuses and performance related payments	Expense allowance	Contributions paid under pension scheme	Pensions
JA Coetsee	-	-	-	-	-	-	-
GB Kloot	826,041	-	-	-	-	-	-
DB Kloot	807,784	-	-	-	-	-	-
	1,633,825	-	-	-	-	-	-

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Detailed Income Statement

Figures in R	2020	2019
Gross Revenue		
Sales	40,705,335	42,820,757
Bad debts recovered	113,572	-
Discount received	103,916	-
	<u>40,922,823</u>	<u>42,820,757</u>
Cost of Sales		
Opening stock	7,942,262	8,387,773
Electricity and water	203,755	169,553
Loose Tools	30,195	50,744
Purchases	18,614,058	24,336,456
Depr. - Plant & Machinery	18,694	39,006
Discount allowed	558,788	438,205
Repairs and maintenance	51,372	40,918
Professional Fees (Subcontractors)	61,540	63,788
Purchases	783,740	-
Closing stock	(8,360,586)	(7,942,262)
	<u>19,903,818</u>	<u>25,584,181</u>
Gross Profit	<u>21,019,005</u>	<u>17,236,576</u>
Other Income		
Interest received	15,523	43,347
	<u>15,523</u>	<u>43,347</u>
	<u>21,034,528</u>	<u>17,279,923</u>

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Detailed Income Statement

Figures in R	2020	2019
Expenditure		
Accounting fees	94,875	113,524
Advertising	30,198	39,664
Bad debts	82,782	82,782
Bank charges	73,979	70,621
Cleaning	70,705	61,537
Commission paid	36,580	-
Computer expenses	41,347	13,298
Depreciation - Tangible assets	214,307	271,269
Donations	28,413	39,000
Entertainment	8,251	22,575
Finance costs	698,914	477,491
Insurance	395,894	441,512
Lease rental on operating lease	1,780,600	1,540,925
Legal expense	14,981	-
Motor vehicle expense	204,740	257,431
Compensation Commissioner	184,364	209,326
Printing and stationery	42,428	50,552
Salaries	18,337,408	17,705,736
Secretarial fees	16,870	9,365
Security	400,102	396,338
Staff welfare & training	196,641	345,673
Subscriptions	125,712	95,553
Telephone and fax	100,382	139,594
Travel - local	24,185	14,463
	<u>23,204,658</u>	<u>22,398,229</u>
Loss for the year	<u>(2,170,130)</u>	<u>(5,118,306)</u>

HEAT PUMP INTERNATIONAL (PTY) LTD

(Registration Number 2015/123667/07)

Financial Statements for the year ended 29 February 2020

Income Tax Computation

Figures in R	Add Back	Deduct	2020	2019
Loss before tax			(2,170,130)	(5,118,306)
Donations and fines		28,413		39,000
Section 18A donations				(23,700)
	-	28,413	(28,413)	15,300
Computed loss for the year			(2,198,543)	(5,103,006)
Assessed loss brought forward			(5,103,006)	-
Computed loss before capital gain / (loss)			(7,301,549)	(5,103,006)