



**WEST COAST DISTRICT MUNICIPALITY
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

General Information

Mayoral committee	Ald R W Strydom (Executive Mayor) Ald S M Crafford (Deputy Executive Mayor) Cllr N S Louw (Speaker) Cllr J A Engelbrecht Cllr R Witbooi Cllr M Schrader Cllr C Daniels
Councillors	Ald E Plaatjies Cllr S A Gxabalashe Cllr O M Stemele Cllr J Alexander Cllr T C Andrews Cllr G Stephan Cllr T J Muller Cllr A J Pool Cllr F Kamfer Cllr I S Adams Cllr A Small Cllr Z S Komani-Nkohla Cllr L Mitchell Ald M Koen Cllr B L Witbooi Cllr B J Penxa Cllr I S Le Minnie Cllr D C Pypers
Grading of local authority	Grade 4
Credit Rating	National - Long Term : A National - Short Term : A1 International - Long Term : B+
Registered office	58 Long Street Moorreesburg 7310
Postal address	P O Box 242 Moorreesburg 7310
Bankers	Standard Bank - Primary Bank Account 332321681 ABSA Bank 4074200056 4074200129 9136067143
Auditors	Auditor General of SA Registered Auditors
Telephone	022 - 4338400
Fax	086 692 6113
Accounting Officer	Mr D C Joubert
Chief Financial Officer (CFO)	Dr J C P Tesselaar

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Index

The reports and statements set out below comprise the audited annual financial statements presented to the provincial legislature:

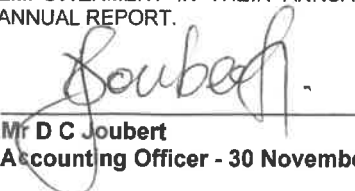
	Page
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	5
Cash Flow Statement	6
Statement of Comparison of Budget and Actual Information	7
Accounting Policies	8 - 54
Notes to the Audited Annual Financial Statements	55 - 96
Appendix A: Actual versus Budget (Revenue and Expenditure) (Audited Supplementaries)	97 - 98
Appendix B: Analysis of Property, Plant and Equipment (2023 and 2022 Audited Supplementaries)	99 - 104
Appendix C: Segmental analysis of Property, Plant and Equipment (Unaudited Supplementaries)	105
Appendix D: Segmental Statement of Financial Performance (Unaudited Supplementaries)	106
Appendix E(1): Schedule of External loans (Unaudited Supplementaries)	107
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment) (Unaudited Supplementaries)	108
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act (Unaudited Supplementaries)	109
Appendix G: Budgeted Financial Performance and Cash Flows (Unaudited Supplementaries)	110 - 114

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I AM RESPONSIBLE FOR THE PREPARATION OF THESE ANNUAL FINANCIAL STATEMENTS, WHICH ARE SET OUT ON PAGES 3 TO 104, IN TERMS OF SECTION 126 (1) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, AND WHICH I HAVE SIGNED ON BEHALF OF THE MUNICIPALITY. THE AUDITED ANNUAL FINANCIAL STATEMENTS HAVE BEEN PREPARED IN ACCORDANCE WITH THE STANDARDS OF GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP) INCLUDING ANY INTERPRETATIONS, GUIDELINES AND DIRECTIVES ISSUED BY THE ACCOUNTING STANDARDS BOARD. I ACKNOWLEDGE THAT I AM ULTIMATELY RESPONSIBLE FOR THE SYSTEM OF INTERNAL FINANCIAL CONTROL AND THAT THE SYSTEM OF INTERNAL CONTROL PROVIDES REASONABLE ASSURANCE THAT THE FINANCIAL RECORDS CAN BE RELIED ON.

I CERTIFY THAT THE SALARIES, ALLOWANCES AND BENEFITS OF COUNCILLORS AS DISCLOSED IN NOTE 22 OF THESE ANNUAL FINANCIAL STATEMENTS ARE WITHIN THE UPPER LIMITS OF THE FRAMEWORK AS ENVISAGED IN SECTION 219 OF THE CONSTITUTION, READ WITH THE REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 20 OF 1998, AND THE MINISTER OF PROVINCIAL AND LOCAL GOVERNMENT'S DETERMINATION IN ACCORDANCE WITH THIS ACT.

IN TERMS OF SECTION 13G, READ WITH REGULATION 12 OF THE B-BBEE REGULATIONS, ALL SPHERES OF GOVERNMENT, PUBLIC ENTITIES AND ORGANS OF STATE MUST REPORT ON THEIR COMPLIANCE WITH BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THEIR ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORTS. COMPLIANCE IS DISCLOSED IN THE ANNUAL REPORT.


Mr D C Joubert
Accounting Officer - 30 November 2023


Dr J C P Tesselaar
Chief Financial Officer - 30 November 2023

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand

	Note(s)	2023 Actual	2022 Restated
Assets			
Current Assets			
Cash and cash equivalents	6	344 329 042	328 744 261
Trade receivables from exchange transactions	5	2 154 816	2 473 664
Other receivables from exchange transactions	4	32 732 394	49 967 122
Other receivables from non-exchange transactions	53	5 500 349	6 802 850
Inventories	3	10 575 277	10 285 161
Employee benefit - road receivable	15	1 154 918	1 264 196
Current portion of asset receivable - local municipalities	52	-	1 500 000
VAT receivable	11	13 843 878	14 032 783
Distribution receivable	50	318 756	-
		410 609 430	415 070 037
Non-Current Assets			
Investment property	7	4 377 657	4 410 867
Property, plant and equipment	8	100 287 156	91 409 983
Intangible assets	9	1 715 747	1 277 941
Employee benefit - road receivable	15	16 617 883	17 559 589
		122 998 443	114 658 380
Total Assets		533 607 873	529 728 417
Liabilities			
Current Liabilities			
Trade payables from exchange transactions	10	37 699 793	44 328 706
Unspent conditional grants and subsidies	12	2 379 431	4 781 729
Employee benefits	13	12 857 701	12 593 541
Distributions provision	50	-	23 471 360
Current portion of long-term liabilities	14&28	-	1 500 000
		52 936 925	86 675 336
Non-Current Liabilities			
Medical aid benefits	15	68 197 576	71 577 456
Long service awards	16	10 235 749	10 873 279
		78 433 325	82 450 735
Total Liabilities		131 370 250	169 126 071
Net Assets		402 237 623	360 602 346
Accumulated surplus	17	402 237 623	360 602 346



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand

	Note(s)	2023 Actual	2022 Restated
Revenue			
Revenue from exchange transactions			
Service concession revenue	18	139 358 035	112 834 980
Roads agency services	42	249 518 472	230 059 653
Other revenue	19	5 519 744	5 738 080
Fees earned	48	341 693	264 139
Resort income	7	4 745 549	4 638 510
Finance income	44	24 601 738	14 184 615
Gain on disposal of assets	8	-	25 087
Total revenue from exchange transactions		424 085 231	367 745 064
Revenue from non-exchange transactions			
Other revenue	19	515 634	6 911 769
Actuarial gains recognised - road receivable and employee benefits	15&43	10 613 558	1 186 147
Government grants & subsidies	20	117 601 597	106 803 391
Total revenue from non-exchange transactions		128 730 789	114 901 307
Total revenue		552 816 020	482 646 371
Expenditure			
Employee related costs	21	(226 480 458)	(213 761 527)
Remuneration of councillors	22	(7 593 787)	(7 567 908)
Depreciation and amortisation	7&8&9	(10 120 882)	(8 573 925)
Finance costs	23	(64 714)	(323 218)
Materials and supplies	47	(67 625 438)	(72 809 949)
Allowance for impairment	45	(999 221)	(2 255 196)
Bulk purchases	24	(18 564 044)	(22 612 171)
Transfers and subsidies	49	(2 094 300)	(913 173)
General expenses	25	(177 572 897)	(145 110 567)
Total expenditure		(511 115 741)	(473 927 634)
Loss on the disposal of assets	8	(65 002)	-
Actuarial loss recognised - employee benefits	16	-	(583 873)
Surplus for the year		41 635 277	8 134 864



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Restated*Balance at 01 July 2021	352 036 832	352 036 832
Correction of errors - Refer to note 26	430 650	430 650
Surplus for the year	8 134 864	8 134 864
Restated* Balance at 01 July 2022	360 602 346	360 602 346
Surplus for the year	41 635 277	41 635 277
Balance as at 30 June 2023	402 237 623	402 237 623



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand

	Note(s)	2023 Actual	2022 Restated
Cash flows from operating activities			
Receipts			
Cash receipts from rate payers, government and other		270 012 557	251 747 030
Road services		265 412 096	211 452 295
Interest income		24 601 738	14 184 615
		<u>560 026 391</u>	<u>477 383 940</u>
Payments			
Employee costs		(225 787 933)	(215 391 820)
Suppliers		(297 621 310)	(239 025 658)
Finance costs		(64 714)	(323 218)
		<u>(523 473 957)</u>	<u>(454 740 696)</u>
Net cash flows from operating activities	27	36 552 434	22 643 244
Cash flows from investing activities			
Purchase of Capital Assets	8&9	(19 473 318)	(16 454 889)
Proceeds from sale of property, plant and equipment	8	5 665	284 067
Net cash flows from investing activities		(19 467 653)	(16 170 822)
Cash flows from financing activities			
Movement in long - term liability	14	(1 500 000)	(3 000 000)
Net (decrease)/increase in cash and cash equivalents		15 584 781	3 472 422
Cash and cash equivalents at the beginning of the year		328 744 261	325 271 839
Cash and cash equivalents at the end of the year	6	344 329 042	328 744 261



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Statement of Comparison of Budget and Actual Information as at 30 June 2023

Description	2022/2023										2021/2022			
	Original Budget	Budget Adjustments (i.e. ±28 and ±31 of the MFMA)	Final adjustments budget	Shifting of funds (i.e. ±31 of the MFMA)	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Reported unauthorised expenditure	Expenditure authorised in terms of MFMA	Balance to be recovered	Revised Audited Outcome
R thousands														
Financial Performance														
Property sales	126 633	-	126 633	-	-	126 633	138 358	-	12 725	110,05	-	-	-	112 835
Service concession revenue	14 942	-	14 942	-	-	14 942	24 902	-	9 960	164,65	-	-	-	14 185
Investment revenue	30 193	-	30 193	-	-	30 193	37 236	-	3 523	110,45	-	-	-	28 694
Transfers recognised - operational	293 232	3 520	396 991	-	-	396 991	351 821	-	(35 370)	90,88	-	-	-	320 943
Other own revenue	484 999	97 279	582 278	-	-	582 278	552 916	-	(30 362)	95,32	-	-	-	482 646
Total Revenue (excluding capital transfers and contributions)	231 151	(1 596)	229 556	-	-	229 556	226 480	-	(3 076)	98,49	-	-	-	213 792
Employee costs	7 229	-	7 229	-	-	7 229	7 984	-	755	108,05	-	-	-	7 598
Remuneration of councillors	1 970	-	1 970	-	-	1 970	999	-	(971)	50,72	-	-	-	2 255
Depreciation & asset impairment	11 238	-	11 238	-	-	11 238	10 121	-	(1 117)	90,06	-	-	-	8 574
Finance charges	1 090	184	1 274	-	-	1 274	65	-	(1 209)	5,08	-	-	-	323
Materials and bulk purchases	78 851	44 815	123 674	-	-	123 674	86 168	-	(37 506)	69,80	-	-	-	85 422
Transfers and grants	1 458	1 898	3 356	-	-	3 356	2 984	-	(372)	88,93	-	-	-	813
Other expenditure	138 957	54 803	193 760	-	-	193 760	177 538	-	(16 222)	91,64	-	-	-	145 694
Total Expenditure	470 354	99 704	570 059	-	-	570 059	511 181	-	(58 879)	89,67	-	-	-	474 912
Surplus/(Deficit)	(242 203)	(2 425)	(244 628)	-	-	(244 628)	(184 699)	-	(59 929)	75,84	-	-	-	(161 120)
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(242 203)	(2 425)	(244 628)	-	-	(244 628)	(184 699)	-	(59 929)	75,84	-	-	-	(161 120)
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(242 203)	(2 425)	(244 628)	-	-	(244 628)	(184 699)	-	(59 929)	75,84	-	-	-	(161 120)
Capital expenditure & funds sources														
Capital expenditure	14 223	13 424	27 646	-	-	27 646	19 173	-	(8 473)	70,44	-	-	-	8 106
Transfers recognised - capital	213	4 598	4 811	-	-	4 811	-	-	(4 811)	0,00	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	0,00	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	0,00	-	-	-	-
Internally generated funds	14 010	8 828	22 838	-	-	22 838	19 173	-	(3 665)	83,98	-	-	-	16 541
Total sources of capital funds	14 223	13 424	27 646	-	-	27 646	19 173	-	(8 473)	70,44	-	-	-	16 541
Cash flows														
Net cash from/(used) operating	19 716	33 063	52 782	-	-	52 782	35 652	-	(17 130)	67,54	-	-	-	18 643
Net cash from/(used) investing	(12 720)	(13 424)	(26 144)	-	-	(26 144)	(17 888)	-	(8 256)	68,72	-	-	-	(3 171)
Net cash from/(used) financing	(1 500)	(1 500)	(3 000)	-	-	(3 000)	(1 500)	-	-	100,00	-	-	-	(3 000)
Caribbean equivalents at the year end	328 760	19 639	348 400	-	-	348 400	344 328	-	(4 072)	98,86	-	-	-	328 744
Financial Position														
Cash	312 062	19 639	331 701	-	-	331 701	344 328	-	12 628	103,81	-	-	-	328 744
Consumer debtors	13 225	-	13 225	-	-	13 225	52 985	-	39 760	400,00	-	-	-	15 225
Other debtors	11 249	-	11 249	-	-	11 249	1 155	-	(1 133)	10,26	-	-	-	7 083
Current portion of long-term receivables	-	-	-	-	-	-	10 575	-	10 575	90,48	-	-	-	1 284
Inventory	11 988	-	11 988	-	-	11 988	10 575	-	(1 413)	88,28	-	-	-	10 284
Current portion of asset receivable - local municipalities	-	-	-	-	-	-	-	-	-	0,00	-	-	-	1 500
Total current assets	348 224	19 639	367 863	-	-	367 863	410 609	-	42 746	111,82	-	-	-	415 070
Long-term receivable	17 463	-	17 463	-	-	17 463	18 618	-	(1 155)	95,16	-	-	-	17 500
Distribution receivable	-	-	-	-	-	-	-	-	-	0,00	-	-	-	-
Investment property	4 377	-	4 377	-	-	4 377	4 378	-	1	100,01	-	-	-	4 377
Property, plant and equipment	99 555	12 764	112 319	-	-	112 319	100 287	-	(12 032)	89,29	-	-	-	91 410
Intangible assets	1 075	640	1 715	-	-	1 715	1 716	-	1	100,04	-	-	-	1 278
Total non-current assets	122 070	13 404	135 474	-	-	135 474	122 878	-	(3 596)	90,52	-	-	-	114 658
TOTAL ASSETS	470 294	33 043	502 337	-	-	502 337	533 083	-	30 746	104,43	-	-	-	529 728
Trade and other payables	58 985	32 879	91 864	-	-	91 864	40 079	-	(49 785)	43,62	-	-	-	1 500
Provisions	7 001	-	7 001	-	-	7 001	12 558	-	5 557	179,00	-	-	-	49 111
Total current liabilities	65 986	32 879	98 864	-	-	98 864	52 637	-	(46 227)	77,44	-	-	-	36 055
Borrowings	-	-	-	-	-	-	-	-	-	0,00	-	-	-	-
Provisions	87 020	(2 009)	85 012	-	-	85 012	78 433	-	(6 579)	92,26	-	-	-	82 461
Total non-current liabilities	87 020	(2 009)	85 012	-	-	85 012	78 433	-	(6 579)	90,13	-	-	-	75 121
TOTAL LIABILITIES	153 006	(2 009)	150 997	-	-	150 997	131 070	-	(19 927)	85,80	-	-	-	111 176
NET ASSETS	316 808	2 173	321 981	-	-	321 981	402 238	-	80 256	125,77	-	-	-	386 602
Capital and Financial Reserves (Deficit)	316 808	2 173	321 981	-	-	321 981	402 238	-	80 256	125,77	-	-	-	386 602
TOTAL COMMUNITY WEALTH/EQUITY	316 808	2 173	321 981	-	-	321 981	402 238	-	80 256	125,77	-	-	-	386 602

GRAP 24 paragraph 18 states the management should provide reasons for the movement from original budget to the adjustment budget. Management adjusted its capital and operating budgets due to the following:

Operating Budget: Refer to appendix A for explanations on variances.
Capital Budget: Refer to appendix A for explanations on variances.
Cashflow Budget: Refer to table 55 for explanations on variances.
Statement of Financial Position Budget: Refer to table 55 for explanations on variances.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Audited Annual Financial Statements

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these audited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These audited annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All financial information has been rounded to the nearest Rand.

1.2 Going concern assumption

These audited annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Transfer of functions between entities not under common control

The acquisition method

The municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method.

Applying the acquisition method requires:

- (a) identifying the acquirer;
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

Identifying the acquirer

For each transfer of functions between entities not under common control, one of the combining entities is identified as the acquirer.

The terms and conditions of a transfer of functions undertaken between entities not under common control are set out in a binding arrangement.

Determining the acquirer includes a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the acquisition date

The acquirer identifies the acquisition date, which is the date on which it obtains control of the acquiree.

All relevant facts and circumstances are considered in identifying the transfer date.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree

Recognition principle

As of the acquisition date, the municipality as acquirer recognises, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree.

Recognition conditions:

To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the acquisition date.

In addition, to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the municipality as acquirer and the acquiree (or its former owners) agreed in the binding arrangement rather than the result of separate transactions.

Operating leases:

The municipality as acquirer recognises no assets or liabilities related to an operating lease in which the acquiree is the lessee.

The municipality as acquirer determines whether the terms of each operating lease in which the acquiree is the lessee are favourable or unfavourable. The municipality as acquirer recognises an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms.

An identifiable intangible asset may be associated with an operating lease, which may be evidenced by market participants' willingness to pay a price for the lease even if it is at market terms.

Intangible assets:

The municipality as acquirer separately recognises the identifiable intangible assets acquired in a transfer of functions. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal right criterion.

Classifying or designating identifiable assets acquired and liabilities assumed in a transfer of functions:

At the acquisition date, the municipality as acquirer classifies or designates the identifiable assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequent to the acquisition date. The municipality as acquirer makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions as they exist at the acquisition date.

Measurement principle

The municipality as acquirer measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

Non-controlling interest in an acquiree:

For each transfer of functions, the municipality as acquirer measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

- fair value; or
- the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Assets with uncertain cash flows (valuation allowances):

The municipality as acquirer does not recognise a separate valuation allowance as of the acquisition date for assets acquired in a transfer of functions that are measured at their acquisition-date fair values because the effects of uncertainty about future cash flows are included in the fair value measure.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

Assets subject to operating leases in which the acquiree is the lessor:

In measuring the acquisition-date fair value of an asset such as a building or a patent that is subject to an operating lease in which the acquiree is the lessor, the municipality as acquirer takes into account the terms of the lease.

Exceptions to the recognition principles

Contingent liabilities:

The requirements in the Standard of GRAP on Provisions, Contingent assets and Contingent liabilities do not apply in determining which contingent liabilities to recognise as of the acquisition date. Instead, the municipality as acquirer recognises as of the acquisition date a contingent liability assumed in a transfer of functions if it is a present obligation that arises from past events and its fair value can be measured reliably.

Exceptions to both the recognition and measurement principles

Employee benefits:

The municipality as acquirer recognises and measures a liability (or asset, if any) related to the acquiree's employee benefit arrangements in accordance with the Standard of GRAP on Employee Benefits.

Indemnification assets:

The seller in a transfer of functions may contractually indemnify the municipality as acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. The municipality as acquirer recognises an indemnification asset at the same time that it recognises the indemnified item measured on the same basis as the indemnified item, subject to the need for a valuation allowance for uncollectible amounts. Therefore, if the indemnification relates to an asset or a liability that is recognised at the acquisition date and measured at its acquisition-date fair value, the municipality as acquirer recognises the indemnification asset at the acquisition date measured at its acquisition-date fair value. For an indemnification asset measured at fair value, the effects of uncertainty about future cash flows because of collectability considerations are included in the fair value measure and a separate valuation allowance is not necessary.

Exceptions to the measurement principle

Reacquired rights:

The municipality as acquirer measures the value of a reacquired right recognised as an intangible asset on the basis of the remaining contractual term of the related contract or other binding arrangement regardless of whether market participants would consider potential renewals of the contract or other binding arrangement in determining its fair value.

Assets held for sale:

The municipality as acquirer measures an acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date in accordance with the Standard of GRAP on Non-current assets held for sale and Discontinued operations at fair value less costs to sell.

Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred (if any)

The municipality as acquirer recognises the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit. This difference is measured as the excess of (a) over (b) below:

(a) the aggregate of:

(i) the consideration transferred (if any) measured in accordance with this Standard, which generally requires acquisition-date fair value;

(ii) the amount of any non-controlling interest in the acquiree measured in accordance with this Standard; and

(iii) in a transfer of functions achieved in stages, the acquisition-date fair value of the entity as acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this Standard.

Consideration transferred



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

The consideration transferred in a transfer of functions is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the municipality as acquirer, the liabilities incurred by the municipality as acquirer to former owners of the acquiree and the residual interests issued by the entity as acquirer.

Contingent consideration:

The consideration the municipality as acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The municipality as acquirer recognises the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

The municipality as acquirer classifies an obligation to pay contingent consideration as a liability or as net assets on the basis of the definitions of a residual interest and a financial liability in the Standard of GRAP on Financial Instruments, or other applicable Standard of GRAP. The municipality as acquirer classifies as an asset a right to the return of previously transferred consideration if specified conditions are met.

A transfer of functions achieved in stages

A municipality as acquirer sometimes obtains control of an acquiree in which it held a residual interest immediately before the acquisition date.

In a transfer of functions achieved in stages, the municipality as acquirer remeasures its previously held residual interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in surplus or deficit. In prior reporting periods, the municipality as acquirer may have recognised changes in the value of its residual interest in the acquiree in surplus or deficit. If so, the amount that was recognised in surplus or deficit is recognised on the same basis as would be required if the municipality as acquirer had disposed directly of the previously held residual interest.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the municipality as acquirer reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality as acquirer retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

During the measurement period, the municipality as acquirer also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the municipality as acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the acquisition date.

Determining what is part of the transfer of functions transaction

The municipality as acquirer and the acquiree may have a pre-existing relationship or other arrangement before or when negotiations for the transfer of functions began, or they may enter into a binding arrangement during the negotiations that is separate from the transfer of functions. In either situation, the municipality as acquirer identifies any amounts that are not part of what the municipality as acquirer and the acquiree (or its former owners) exchanged in the transfer of functions. The acquirer recognises as part of applying the acquisition method only the consideration transferred (if any) for the acquiree and the assets acquired and liabilities assumed by the municipality as acquirer in the transfer of functions as governed by the terms and conditions of the binding arrangement.

Effective settlement of a pre-existing relationship between the municipality as acquirer and acquiree in a transfer of functions

A pre-existing relationship between the municipality as acquirer and acquiree may be contractual or non-contractual.



AUDITOR-GENERAL
SOUTH AFRICA

Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

If the transfer of functions in effect settles a pre-existing relationship, the municipality as acquirer recognises a gain or loss, measured as follows:

(a) for a pre-existing non-contractual relationship, fair value.

(b) for a pre-existing contractual relationship, the lesser of (i) and (ii):

(i) the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality as acquirer when compared with terms for current market transactions for the same or similar items.

(ii) the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If (ii) is less than (i), the difference is included as part of the transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the municipality as acquirer had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

A pre-existing relationship may be a contract that the municipality as acquirer recognises as a reacquired right. If the binding arrangement includes terms that are favourable or unfavourable when compared with pricing for current market transactions for the same or similar items, the municipality as acquirer recognises, separately from the transfer of functions, a gain or loss for the effective settlement of the contract.

Acquisition-related costs:

Acquisition-related costs are costs the municipality as acquirer incurs to effect a transfer of functions. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities (if applicable). The municipality as acquirer accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities (if applicable) are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement and accounting

In general, a municipality as acquirer subsequently measure and account for assets acquired, liabilities assumed or incurred and the residual interest issued in a transfer of functions in accordance with other applicable Standards of GRAP for those items, depending on their nature.

Reacquired rights

A reacquired right recognised as an intangible asset is amortised over the remaining contractual period of the contract in which the right was granted. A municipality as acquirer that subsequently sells a reacquired right to a third party includes the carrying amount of the intangible asset in determining the gain or loss on the sale.

Contingent liabilities

After initial recognition and until the liability is settled, cancelled or expires, the municipality as acquirer measures a contingent liability recognised in a transfer of functions at the higher of:

(a) the amount that would be recognised in accordance with the Standard of GRAP on Provisions, Contingent liabilities and Contingent assets; and

(b) the amount initially recognised less, if appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from exchange transactions.

Indemnification assets

At the end of each subsequent reporting period, the municipality as acquirer measures an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any limitations as set in the binding arrangement on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectability of the indemnification asset. The municipality as acquirer derecognises the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

Contingent consideration

Accounting Policies

1.3 Transfer of functions between entities not under common control (continued)

Some changes in the fair value of contingent consideration that the municipality as acquirer recognises after the acquisition date may be the result of additional information that the municipality as acquirer obtained after that date about facts and circumstances that existed at the acquisition date. However, changes resulting from events after the acquisition date, such as meeting a performance target, or reaching a milestone on a research and development project, are not measurement period adjustments. The municipality as acquirer accounts for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

- (a) Contingent consideration classified as net assets shall not be remeasured and its subsequent settlement is accounted for within net assets.
- (b) Contingent consideration classified as an asset or a liability that:
 - (i) is a financial instrument and is within the scope of the Standard of GRAP on Financial instruments is measured at fair value, with any resulting gain or loss recognised in surplus or deficit in accordance with that Standard of GRAP.
 - (ii) is not within the scope of the Standard of GRAP on Financial instruments is accounted for in accordance with the Standard of GRAP on Provisions, Contingent liabilities and Contingent assets or other Standards of GRAP as appropriate.

1.4 Transfer of functions between entities under common control

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which municipality to the transaction or event is the transferor(s) and which municipality is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which municipality is the acquirer and which municipality is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Determining what is part of the transfer of functions transaction

Where the municipality and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:

- the reasons for the transaction
- the timing of the transaction

Effective settlement of a pre-existing relationship between the entity (as acquirer) and transferor in a transfer of functions

A pre-existing relationship between the municipality (as acquirer) and the transferor may be contractual or non-contractual. If a transfer of functions in effect settles a pre-existing relationship, the entity (as acquirer) recognises a gain or loss, measured as follows:

- for a pre-existing non-contractual relationship, fair value.
- for a pre-existing contractual relationship, the lesser of the following:
 - the amount by which the binding arrangement is favourable or unfavourable from the perspective of the municipality (as acquirer) when compared with terms for current market transactions for the same or similar items.
 - the amount of any stated settlement provisions in the binding arrangement available to the counterparty to whom the contract is unfavourable.

If the latter is less, the difference is included as part of a transfer of functions accounting. The amount of gain or loss recognised may depend in part on whether the municipality (as acquirer) had previously recognised a related asset or liability, and the reported gain or loss therefore may differ from the amount calculated by applying the above requirements.

Other criteria for the entity (as acquirer)

The assets acquired and liabilities assumed that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the transfer date.

Costs that the municipality expects, but which it is not obliged to incur in the future to effect its plan to exit an activity of the transferor or to terminate the employment of, or relocate the transferor's employees, is not accounted for as part of the liabilities at the transfer date. The municipality does not recognise those costs as part of a transfer of functions. Instead, the municipality recognises these costs in its audited annual financial statements after the transfer has occurred, in accordance with the applicable Standards of GRAP.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the municipality recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the municipality can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the municipality de-recognises such assets on the transfer date at their carrying amounts.

The difference between the carrying amounts of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the municipality reports in its audited annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality retrospectively adjust the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The municipality considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The municipality recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the municipality recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the municipality revises comparative information for prior periods presented in audited annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the municipality revises the accounting for a transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Acquisition-related costs

Acquisition-related costs are costs that the municipality incurs to affect the transfer of functions. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, and costs of registering and issuing debt and equity securities. The entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The municipality subsequently measure any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

At the transfer date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

Accounting by the entity as transferor

Derecognition of assets transferred and liabilities relinquished

As of the transfer date, the municipality derecognises from its audited annual financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.

Until the transfer date, the municipality continues to measure these assets and liabilities in accordance with applicable Standards of GRAP.

The consideration received from the acquirer can be in the form of cash, cash equivalents or other assets. If the consideration received is in the form of other assets, the municipality measures such assets at their fair value on the transfer date in accordance with the applicable Standard of GRAP. The difference between the carrying amounts of the assets transferred, the liabilities relinquished and the consideration received from the acquirer is recognised in accumulated surplus or deficit.

1.5 Mergers

Identifying the combined entity and combining entities

For each merger a combined municipality and combining entities is identified. All relevant facts and circumstances are considered in identifying the combined municipality and combining municipality.

The binding arrangement usually sets out which entities are to be combined as a result of the merger, and identifies the new reporting municipality after the merger.

Determining the merger date

The combined municipality and the combining entities identify the merger date, which is the date on which the new reporting municipality obtains control of the assets and liabilities and the combining entities loses control of their assets and liabilities.

All relevant facts and circumstances are considered in identifying the merger date.

Assets acquired [transferred] and liabilities assumed [derecognised]

The recognition of assets and liabilities by the entity as combined entity are subject to the following conditions:

The assets and liabilities that qualify for recognition in a merger are part of what had been agreed in terms of the binding arrangement, rather than the result of separate transactions.

Other criteria for the entity (as the combined entity)

The assets and liabilities that qualify for recognition as set out in the binding arrangement meets the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements and the recognition criteria in the applicable Standards of GRAP at the merger date.

Costs that the entity expects but which the municipality is not obliged to incur in the future to effect its plan to exit an activity of the combining entities or to terminate the employment of, or relocate the combining entities' employees, is not be accounted for as part of the liabilities at the merger date. The entity does not recognise those costs as part of a merger. Instead, the municipality recognises these costs in its audited annual financial statements after the merger has occurred, in accordance with the applicable Standards of GRAP.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Mergers (continued)

Accounting by the entity as the combined entity

Initial recognition and measurement

As of the merger date, the municipality recognises all the assets acquired and liabilities assumed. The assets acquired and liabilities assumed are measured at their carrying amounts.

If, prior to the merger, a combining municipality was not applying the accrual basis of accounting, that combining municipality changes its basis of accounting to the accrual basis of accounting prior to the merger.

The difference between the carrying amounts of the assets acquired and the liabilities assumed is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a merger is incomplete by the end of the reporting period in which the merger occurs, the municipality reports in its audited annual financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the municipality retrospectively adjust the provisional amounts recognised at the merger date to reflect new information obtained about facts and circumstances that existed as of the merger date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the municipality receives the information it was seeking about facts and circumstances that existed as of the merger date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the merger date.

The municipality considers all relevant factors in determining whether information obtained after the merger date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the merger date. Relevant factors include the date when additional information is obtained and whether the municipality can identify a reason for a change to provisional amounts.

The municipality recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the carrying amount of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit.

During the measurement period, the municipality recognises adjustments to the provisional amounts as if the accounting for the merger had been completed at the merger date. Thus, the municipality revises comparative information for prior periods presented in audited annual financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the municipality revises the accounting for a merger only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Expenditure incurred in relation to the merger

Expenditures incurred in relation to the merger are costs that the entity incurs to effect the merger. These costs include advisory, legal, accounting and other professional or consulting fees, general administrative costs, costs to furnish information to owners of the combining entities, and salaries and other expenses related to services of employees involved in achieving the merger. It also includes costs or losses incurred in combining the assets and liabilities of the combining entities. The municipality accounts for such expenditure as expenses in the period in which the costs are incurred.

Subsequent measurement

The municipality subsequently measures any assets acquired and any liabilities assumed in a merger in accordance with the applicable Standards of GRAP.

At the merger date, the municipality classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The municipality makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, the operating or accounting policies and other relevant conditions as these exist at the merger date. An exception is that the municipality classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the merger date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Mergers (continued)

- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

The audited annual financial statements of the municipality are prepared using uniform accounting policies for similar transactions and other events or similar circumstances.

Accounting by entity as the combining entity

Assets transferred and liabilities de-recognised

As of the merger date, the municipality as the combining entity transfer and de-recognise from its audited annual financial statements, all the assets and liabilities de-recognised at their carrying amounts.

Until the merger date, the municipality continues to measure these assets and liabilities in accordance with applicable Standards of GRAP.

The difference between the carrying amounts of the assets transferred and the liabilities de-recognised are recognised in accumulated surplus or deficit.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Investment property are depreciated on the straight line basis over the expected useful lives.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Land	infinite
Property - Beach development	25 to 30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance and are expensed. The enhancement of an existing assets so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and standby equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment under construction - This cost include all expenditure related directly to specific projects still in progress at period end. Incomplete construction work is stated at historical cost.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Buildings	Straight line	5 to 100
Other Structures (Infrastructure)	Straight line	0 to 100
Other	Straight line	2 to 30

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.8 Intangible assets (continued)

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Intangible assets	Straight line	0 - 20 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an municipality's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
 - receive cash or another financial asset from another municipality; or
 - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

A residual interest is any contract that manifests an interest in the assets of an municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an municipality.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other trade receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Trade receivables from exchange transactions	Financial asset measured at amortised cost
Other receivables from non-exchange transactions	Financial asset measured at amortised cost
Distribution receivable	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Long-term liabilities	Financial liability measured at amortised cost

Trade and other payables are initially measured at fair value plus transaction costs that are directly attributed to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables are initially recognised at fair value plus transaction cost that directly attributed to the acquisition and subsequently stated at amortised cost, less provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms. The amount of the provision is the effective interest rate. Bad debts are written off during the year in which they are identified. Subsequent recoveries of amounts previously written off are credited against the relevant revenue stream in the statement of financial performance.

Long-term financial liabilities are classified as financial liabilities that are measured at amortised cost.

Cash and cash equivalents includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents comprises of cash on hand, deposits held on call with banks, investments in financial instruments and net bank overdrafts. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

1.10 Value added tax

The municipality accounts for Value Added Tax (VAT) on a cash basis. The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act, in respect of the supply of goods or services except where the supplies are specifically zero - rated in terms of section 11, exempted in terms of section 12 of the VAT Act or out of scope for VAT purposes. The timing of payments to / from the South African Revenue Service is on the twenty fifth day of each of the twelve months of the financial year.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.11 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.12 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water inventory represents water housed in dams within the municipal area and is measured at the lower of cost, which is deemed to be fair value, and net realisable value. In the absence of a market that trades in water outside of local government the fair value utilised to quantify water inventory is based on the unit reference value. The unit reference value is determined by a formula that is utilised in the engineering department to calculate the development cost of new water resources.

The water levels in the dams are based on cubic meter capacity taking into account the capacity of the dam, based on land surveying reports and the curve of the dam. Readings of water levels are taken at year-end, which is quantified at the above fair value. Water and purified effluent are measured at the lower of purified cost and net realisable value insofar as it is stored and controlled in reservoirs at year-end.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset that generates a commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.15 Employee benefits

Employee benefits are all forms of consideration given by an municipality in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.15 Employee benefits (continued)

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the audited annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs. An actuarial valuation was performed and a liability was determined as a result of the valuation. The actuarial valuation will be revised on an annual basis.

Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.15 Employee benefits (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.16 Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Provisions (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality.

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Rendering of services

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 reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Service charges relating to distribution of water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption based on the consumption history, are made on a monthly basis when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approval tariff to each property receiving services. Tariffs are determined per category of property and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

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

Service charges relating to sewerage and sanitation services are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council. Revenue is recognised on a monthly basis.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Rental income from operating leases is recognised on a straight line basis over the lease term.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant services is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Commission for agency services is recognised as per the service level agreement with the municipality. The percentage calculated during a financial year are based on the total funds received from the agent.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Revenue from rates, including collection charges and penalty interest, is recognised on a monthly basis when the taxes are levied as this is regarded to be the date when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and there has been compliance with the relevant legal requirements.

Revenue from donations is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and any restrictions associated with the donation have been met.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legal procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the recognition criteria has been met, as assets in the reporting period in which they are received or receivable.

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

The municipality makes use of estimates to determine the amount of revenue that it is entitled to collect. Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood these discounts or reductions being taken up by debtors.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an municipality in connection with the borrowing of funds.

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.20 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality is the agent and recognises in the Statement of Financial Performance only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The revenue and expenditure of the principal is recognised in the notes.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.22 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11 (3) of the Municipal Finance Management Act (Act No 56 of 2003), and includes:

- overspending of the total amount appropriated in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.25 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessment of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is defined as 1% of the total operating expenditure. The materiality is from management's perspective and does not correlate with the auditor's materiality.

1.26 Contingencies

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability :

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because;
- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- the amount of the obligation cannot be measured with sufficient reliability.

1.27 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.27 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

Management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure.



West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.28 Capital commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised capital commitments, which are disclosed in note 33.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed if both the following criteria are met:

- contracts are non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- contracts related to something other than the routine, steady, state business of the municipality - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The budget for the economic entity includes all the entities approved budgets under its control.

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. Explanations of significant variances greater than ten percent versus the budget are given in appendix A. Explanatory comments for the Statement of Financial Position and Cashflow are provided in the Comparison of Budget and Actual on a overall growth or decline basis.

1.30 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed. Government Departments are excluded.

1.31 Service concession arrangements

Operator

The District Municipality as an operator in the service concession arrangement recognises revenue and expenditure in relation to the service concession arrangement in accordance with its accounting policies on revenue and expenditure recognition and with reference to the contract with the grantor.

In terms of the service concession arrangement the following types of revenue are recognised:

- Recognised and measurement of the arrangement consideration.
- Construction and upgrade services.
- Operating services.

The District does not recognise the assets relating to the service concession arrangement as these are recognised in the accounting records of the grantor.

The District Municipality recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services.

The District Municipality recognises an intangible asset to the extent that it receives a right (a licence) to charge users of the public service.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.32 Accumulated surplus

The accumulated surplus represents the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited / debited against accumulated surplus / deficit. Prior year adjustments relating to income and expenditure, are debited / credited against accumulated surplus when retrospective adjustments are made.

1.33 Critical accounting estimates and judgements

The contingent liabilities, contingent assets and provisions represents management's best estimate of the municipality's exposure. The probability that an outflow of economic resources will be required to settle the obligation must be assessed and a reliable estimate must be made of the amount of the obligation. Actual results may, however, differ from these estimates.

Management has made estimates of the selling price and direct cost to sell of certain inventory items to calculate the allowance to write down to the lower of cost or net realisable value. The write down is zero.

The present value of the post retirement obligation depends on a number of factors that are determined on a actuarial basis using a number of assumptions, which include the discount rate. Any changes in these assumptions will impact in the carrying amount of post retirement obligation.

The estimation of useful lives of assets is based on management's judgement. Any material adjustments to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

Where impairment indicators exist, the determination of the recoverable amount of assets or cash generating units require management to make assumptions to determine the fair value less cost to sell. Key assumptions on which management has based its determination of fair values less costs to sell include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of the impairment.

Where impairment indicators exist, the determination of the recoverable service amount of a non-cash generating asset requires management to make assumptions to determine the fair value less cost to sell and the value in use based on the depreciated replacement cost model. Key assumptions include the current replacement cost of non-cash generating assets and in certain instances an assumption about the commissioning date which determines the depreciated replacement cost of the non-cash generating assets.

An estimate for the impairment of receivables is made when collection of the full amount is no longer probable. The provision for doubtful debt is calculated on trade receivables only, i.e. service debtors, housing rentals and other debtors. The total impairment provision of the municipality is calculated per risk category.

1.34 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.35 Statutory receivables

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.35 Statutory receivables (continued)

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.35 Statutory receivables (continued)

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

IGRAP 21: The effects of past decisions on materiality

Municipalities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This interpretation explains the implications of adopting accounting policies for material items based on Standards of GRAP as well as applying alternative accounting treatments for immaterial items. This interpretation applies to accounting treatments related to the recognition and measurement of items. The interpretation addresses the following issues

a) Whether past decisions about materiality extent subsequent reporting periods.

b) Whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error.

The effective date of the amendment is not yet set by the standard setters.

The municipality expects to adopt the amendment for the first time when the standard setters sets the effective date for the amendment.

Guideline: Guideline on Accounting for Landfill Sites

The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

2. New standards and interpretations (continued)

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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3. Inventories

Consumable Inventory	7 817 814	7 527 697
Water Stock	2 757 463	2 757 464
	10 575 277	10 285 161

Inventory pledged as security

No inventory was pledged as security.

No inventory was written-down during the period.

The amount of inventory recognised as an expense is R6 395 677 (2022 : R5 926 184).

4. Other receivables from exchange transactions

Water : sales	3 164 163	5 064 536
Operating Leases - refer to note 36	42 066	139 502
Other	3 481 003	3 553 252
Road receivable	23 643 018	39 536 642
Advance payment - SALGA levies paid	2 469 316	2 222 135
Net Balance (Allowance for impairment)	(67 172)	(548 945)
	32 732 394	49 967 122

Less - Allowance for impairment - refer to note 5

(67 172)	(548 945)
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5. Receivables from exchange transactions

Gross balances

Electricity	192 055	142 791
Water	2 071 882	2 539 797
Sewerage	23 887	20 169
Other	-	932
Housing rental	423 058	250 970
	2 710 882	2 954 659



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Less : Allowance for impairment	(556 066)	(480 995)
Net balance		
Electricity	192 055	142 791
Water	2 071 882	2 539 797
Sewerage	23 887	20 169
Other	-	932
Housing rental	423 058	250 970
Net balance (Allowance for impairment)	(556 066)	(480 995)
	2 154 816	2 473 664
Reconciliation of allowance for impairment (including other receivables from exchange transactions)		
Balance at the beginning of the year	(1 029 940)	(629 383)
Contributions to provision - refer to note 45	(999 221)	(2 255 196)
Debt impairment written off against provision	1 405 923	1 854 639
	(623 238)	(1 029 940)
Reconciliation of allowance for impairment between trade and other receivables		
Trade receivables from exchange transactions	(556 066)	(480 995)
Other receivables from exchange transactions	(67 172)	(548 945)
	(623 238)	(1 029 940)
Age analysis per service (Gross of allowance for impairment) Service Debtors (Water, Electricity, Sewerage and Other)		
Current (0-30 days)	1 775 025	1 792 241
31-60 days	355 305	693 074
61-90 days	119 759	136 134
91-120 days	9 067	30 078
121-365 days	28 668	52 162
	2 287 824	2 703 689
Housing Rental		
Current (0-30 days)	203 479	182 716
31-60 days	150 572	54 092
61-90 days	56 641	-
91-120 days	12 366	14 162
	423 058	250 970
Summary of debtors age analysis (Trade receivables)		
Current (0-30 days)	1 978 504	1 974 958
31-60 days	505 878	747 167
61-90 days	176 400	136 134
91-120 days	9 067	30 078
121-365 days	41 033	66 322
Less : Allowance for impairment	(556 066)	(480 995)
	2 154 816	2 473 664



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash book balances	344 328 592	328 743 811
Floats	450	450
Total cash and cash equivalents	344 329 042	328 744 261

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
First National Bank - Current Account	-	-	4 287 132	-	-	4 287 953
Floats	450	450	450	450	450	450
Standard Bank - Current Account - Primary bank account	334 405 016	307 963 846	307 357 144	335 617 604	307 976 078	307 614 349
Standard Bank - Current Account - Primary bank account	8 710 988	20 694 527	13 369 087	8 710 988	20 694 527	13 369 087
ABSA Bank - Current Account	-	65	-	-	65	-
ABSA Bank - Current Account	-	65	-	-	65	-
ABSA Bank - Current Account	-	73 076	-	-	73 076	-
Total	343 116 454	328 732 029	325 013 813	344 329 042	328 744 261	325 271 839

Average rate of return on short-term investments

7.17%

4.63%

Cash and cash equivalents includes cash-on-hand and cash in bank. No cash and cash equivalents were pledged as security for financial liabilities or any restriction were placed on any cash and cash equivalents. Call deposits are investments with a maturity period between one to six months. The fair value of the cash and cash equivalents was determined after considering the terms and conditions of the agreement entered into between the municipality and the financial institution.

7. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5 512 774	(1 135 117)	4 377 657	5 512 774	(1 101 907)	4 410 867

Pledged as security

No properties were pledged as security and no restrictions in the current and prior financial period.

Fair value of Investment property - Buildings	18 100 000	18 100 000
Fair value of Investment property - Land	44 155 000	44 155 000

The municipality owns a beach development (Ganzekraal). The property is 2332.6578 hectares and the municipality receives rental income (camping fees). A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Please refer to appendix B of Property, plant and equipment, Intangible and Investment property for detailed disclosures.

Resort income from investment property was R4 745 549 (2022: R4 638 510) as disclosed in the Statement of Financial Performance. Please refer to note 46 for the investment property repairs and maintenance disclosure.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

8. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	27 776 505	-	27 776 505	27 776 505	-	27 776 505
Buildings	58 815 744	(35 084 413)	23 731 331	57 621 985	(32 386 332)	25 235 653
Infrastructure	6 178 732	(651 480)	5 527 252	3 332 776	(533 763)	2 799 013
Other	110 762 905	(67 510 837)	43 252 068	97 259 470	(61 660 658)	35 598 812
Total	203 533 886	(103 246 730)	100 287 156	185 990 736	(94 580 753)	91 409 983

Pledged as security

No properties were pledged as security and no restrictions in the current and prior financial period.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Please refer to appendix B of Property, plant and equipment, Intangibles and Investment property for detailed disclosure. The amount disclosed as work in process (WIP) relates to the development costs of a regional landfill site and electricity supply / reticulation - solar plant. The municipality did not experience any significant delays on the work in process (WIP).

9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	5 889 209	(4 173 462)	1 715 747	5 056 744	(3 778 803)	1 277 941

Pledged as security

No assets have been pledged as security and no restrictions in the current and prior financial period.

Other information

The municipality acquired intangible assets with finite useful lives of five years. The straight-line method of amortisation will be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. Please refer to appendix B of Property, plant and equipment, Intangibles and Investment property for detailed disclosure. The amount disclosed as work in process (WIP) relates to the development costs of a regional landfill site.

10. Trade payables from exchange transactions

Sundry creditors	3 958 357	3 513 459
Accrued leave pay	14 451 734	14 060 681
Retentions	-	97 220
Trade payables	19 287 526	26 657 346
Operating lease payables	2 176	-
	37 699 793	44 328 706



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
-----------------	------	------

11. VAT receivable

VAT 201 return as at 30 June	16 100 666	14 011 162
VAT in Suspense	(2 256 788)	21 621
	13 843 878	14 032 783

VAT is payable on the payment basis. Only once payment are received from debtors VAT is paid to SARS.

VAT - Roads Function:

The municipality requested a legal opinion concerning the output VAT treatment of the roads funding received from the Western Cape Department of Transport and Public Works. The objective of the opinion or request was to confirm if the municipality must declare output VAT at 15% or zero % on the funding received from the Western Cape Department of Transport and Public Works. The municipality must still engage several role players in this regard to ensure that the correct VAT treatment will be applied. At the date of these financial statements, there is still uncertainty about the obligation the municipality has, and the timing of the outflow of the economic benefits and / or service potential is also uncertain.

GRAP 108 Statutory Receivables:

Remeasurement may result due to the fact that GRAP 108 requires the receivable to be measured at transaction price plus interest and penalties, while GRAP 104 requires measurement at amortised cost.

The Municipality's only Statutory Receivable is VAT receivable.

12. Unspent conditional grants and receipts

See note 20 for detailed reconciliation of grants.

These amounts are invested and ring-fenced within the municipality's cash and cash equivalents until utilised.

Unspent conditional grants and receipts comprises of :

Community Development Workers (CDW)	15 595	30 438
Local Government - Graduate Internship Grant	167 151	312 713
Provincial Government - Financial Management	700 000	500 000
Provincial Government - Municipal Service Delivery Grant	99	99
Mayor's Charity Fund	(265)	(265)
Provincial Government - Regional Co-ordination and Mentoring Grant	149 181	-
Rural Road Asset Management Grant	350	-
Provincial Government - Community Safety : WOSA	346 680	1 877 120
Western Cape Financial Management Grant (IDP and Internship)	640	41 624
Provincial Government - Public Employment	-	200 000
Provincial Government - Joint District Initiative	1 000 000	1 820 000
	2 379 431	4 781 729



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

13. Employee Benefits

Reconciliation of short-term portion of employee benefits - 2023

	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of medical aid benefits	4 224 837	3 922 213	(4 224 837)	3 922 213
Short-term portion of long service awards	1 703 535	2 046 498	(1 703 535)	2 046 498
Short-term portion of performance bonus	948 309	961 758	(948 309)	961 758
Short-term portion of bonus	5 716 860	5 927 232	(5 716 860)	5 927 232
	12 593 541	12 857 701	(12 593 541)	12 857 701

Reconciliation of short-term portion of employee benefits - 2022

	Opening Balance	Additions	Utilised during the year	Total
Short-term portion of medical aid benefits	4 280 042	4 224 837	(4 280 042)	4 224 837
Short-term portion of long service awards	933 730	1 703 535	(933 730)	1 703 535
Short-term portion of performance bonus	731 314	948 309	(731 314)	948 309
Short-term portion of bonus	5 637 437	5 716 860	(5 637 437)	5 716 860
	11 582 523	12 593 541	(11 582 523)	12 593 541

The performance bonus represents management's best estimate of the municipality's liability under performance contracts of Sec 57 employees.

The bonus represents management's best estimate of the municipality's liability to pay employees thirteenth cheque.

Refer to disclosure note 16 (long service awards) and note 15 (medical aid benefits) for detail disclosure.

14. Long-term liabilities

Local registered stock loans	-	1 500 000
Less : Current portion transferred to current liabilities	-	(1 500 000)
	-	-

The municipality has an unsecured external loan at the Development Bank of South Africa at a fixed rate of 8.60500%. The redeemable date of the loan is 31 December 2022. The loan is redeemed on a half-yearly basis. The amount borrowed in terms of the loan was to provide finance for capital projects within the Water Services Department.

Refer to appendix E (1) for more detail on long term liabilities. The liabilities relates to the water service concession arrangement.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
15. Medical aid benefits		
Defined benefit plan		
The most recent actuarial valuation of the present value of the obligation were carried out at 30 June 2023 by One Pangaea Expertise & Solutions.		
Defined benefit plan	72 119 789	75 802 290
Change in liability		
Opening balance	71 577 456	69 314 877
Service costs	3 001 094	2 645 490
Interest costs	8 963 095	7 845 747
Recognised actuarial loss / (gain)	(12 171 102)	(5 131 252)
Benefits paid	(3 475 588)	(3 152 611)
Current portion transferred to current liabilities	302 621	55 205
	68 197 576	71 577 456
Net expenses recognised in the statement of financial performance		
Current service costs - Employee related costs	3 001 094	2 645 490
Interest costs - Employee related costs	8 963 095	7 845 747
Actuarial loss / (gain)	(12 171 102)	(5 131 252)
Total included in employee related costs	(206 913)	5 359 985
Changes in the short-term portion - refer to note 13		
Opening balance	4 224 837	4 280 042
Contributions by employer	(302 621)	(55 205)
	3 922 216	4 224 837



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

15. Medical aid benefits (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	12,78 %	12,49 %
Expected rate of return on assets	6,84 %	7,49 %
Expected rate of return on reimbursement rights	8,34 %	8,99 %
Actual return on reimbursement rights	4,09 %	3,21 %

It is the relative levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is our expectation of the long-term average.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous date, 30 June 2022 the duration of liabilities was 12.35 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023 is 12.78% per annum, and the yield on the inflation linked bonds of a similar term was about 4.15% per annum, implying an underlying expectation of inflation of 6.84% per annum ($[1+12.78\% - 0.5\%] / [1+5.08\%] - 1$).

A healthcare cost inflation rate of 8.34% was assumed. This is 1.5% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.09% per annum ($[1+12.78\%] / [1+8.34\%] - 1$). This year's valuation basis is therefore stronger than previous year's basis from a discount rate perspective.

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

	Active employees	Pensioners
Normal retirement age	65	-
Fully accrued age (to take account for ill-health and early retirement decrements)	63	-
Employment age used for past service period	Actual service ages	Actual service ages
Age difference between spouses	5 years	Actual ages used
Proportion married	90% assumed married at retirement	Actual marital status
Mortality	SA85-90 (Normal)	PA (90)



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

15. Medical aid benefits (continued)

The withdrawal rates assumption used are as follows:

Age	Withdrawal rates (Male)	Withdrawal rates (Female)
20	16%	24%
25	12%	18%
30	10%	15%
35	8%	10%
40	6%	6%
45	4%	4%
50	2%	2%
55	1%	1%
60+	-	-

Continuation Percentages

The assumption is that the continuation of the post-employment health care subsidy would be at 100% of active employees, or their surviving dependants.

Employee benefit - roads receivable (Medical aid)

In terms of the memorandum of agreement between the Western Cape Provincial Government, Department of Public Works and Transport, and past experience hereon, funds will be made available to maintain the approved organogram of the roads division in the municipality. The future claim for roads staff for post employment medical aid has therefore been recognised as a long-term debtor.

Employee benefits - roads receivable (Medical aid)

Opening balance	18 823 785	21 195 665
Current service costs	823 962	764 756
Interest costs	2 196 784	2 248 240
Expected benefits paid	(1 449 820)	(1 439 770)
Actuarial loss / (gain)	(2 621 910)	(3 945 106)
	17 772 801	18 823 785

Statement of Financial Position

Employee benefits - roads receivable (current assets)	1 154 918	1 264 196
Employee benefits - roads receivable (non-current assets)	16 617 883	17 559 589
	17 772 801	18 823 785

Other assumptions

Sensitivity Analysis : The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below:

	One percentage point increase	One percentage point decrease
Effect on the employer's accrued liability - Medical inflation rate	80 612 043	63 308 212
Effect on the employer's current service cost - Medical inflation rate	3 506 872	2 463 592
Effect on the employer's interest cost - Medical inflation rate	10 046 866	7 838 535
Effect on the employer's accrued liability - Discount rate	63 810 567	80 108 444
Effect on the employer's current service cost - Discount rate	2 506 262	3 455 202
Effect on the employer's interest cost - Discount rate	8 520 049	9 202 210

Amounts for the current and previous four years are as follows:

	2023 R	2022 R	2021 R	2020 R	2019 R
Defined benefit obligation	72 119 789	75 802 290	73 594 919	62 401 717	69 700 828



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

16. Long-term portion of long service awards

Long service awards

Provision of long service awards	12 282 247	12 576 815
Less : Transferred to current provision	(2 046 498)	(1 703 536)
Net long service awards liability	10 235 749	10 873 279

A long service award is granted to municipal employees after the completion of fixed periods of continuous service with the municipality. The provision represents an estimation of the awards to which employees in the service of the municipality at 30 June 2023 become entitled to in future, based on an actuarial valuation performed at that date.

An actuarial valuation of the present value of the obligation was done at 30 June 2023 by One Pangaea Expertise & Solutions.

The future service cost for ensuring year is established to be R819 239 whereas the interest-cost for the next year is estimated to be R1 222 727.

The principal assumption used for the purposes of the actuarial valuations were as follows :

• Discounted rate	-	10.86%
• General salary inflation (long-term)	-	6.46%
• Net effective discount rate	-	4.13%
• Mortality	-	SA85-90
• Normal retirement age	-	65

2023 - Details of employees eligible for long service awards are detailed below

	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)
All employees	505	45	11

2022 - Details of employees eligible for long service awards are detailed below

	Active Employees	Salaries Weighted Average Age (years)	Weighted Average Past Service (years)
All employees	511	43	11

The amount recognised in the Statement of Financial Position are as follows :

Present value of fund obligations	12 282 248	12 576 815
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The amount recognised in the Statement of Financial Performance are as follows :

Current service costs - Employee related costs	844 156	793 489
Interest costs - Employee related costs	1 262 788	910 338
Actuarial loss / (gain) on the obligation	(1 064 366)	583 873
	1 042 578	2 287 700

The movement in the long service awards liability over the year is as follows :

Balance at the beginning of the year	12 576 815	11 189 340
Current service costs	844 156	793 489
Interest costs	1 262 788	910 338
Benefits paid	(1 337 145)	(900 225)
Actuarial loss / (gain) on the obligation	(1 064 366)	583 873
	12 282 248	12 576 815

The average past services cost has increased by 1% due to the effect of an increase in the average salary and an increase in the average past service, being mostly offset by the effect of an increase in the net discount rate.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

16. Long-term portion of long service awards (continued)

Changes in withdrawal rate - The effect of a 1% movement in the withdrawal rates will be as follow :

Employer's accrued liability

	-1% Withdrawal rate	Valuation Assumption	+1% Withdrawal rate
Salary increase rate	11 608 090	12 282 248	13 022 668
Discount rate	12 998 681	12 282 248	11 639 226
	24 606 771	24 564 496	24 661 894

Employer's expense cost

	-1% Withdrawal rate	Valuation Assumption	+1% Withdrawal rate
Salary increase rate	1 917 350	2 041 966	2 179 468
Discount rate	2 054 882	2 041 966	2 029 688
	3 972 232	4 083 932	4 209 156

17. Accumulated surplus

Balance as at 1 July	360 602 346	352 036 832
Correction of errors - Refer to note 26	-	430 650
Surplus for the year	41 635 277	8 134 864
	402 237 622	360 602 346

18. Service concession revenue

Management fee	6 980 204	5 809 704
Sale of electricity	1 253 579	1 223 266
Sale of water	130 661 119	126 029 956
Distribution - Contribution for the year - Refer to note 50	277 179	(20 409 878)
Sewerage and sanitation charges	185 954	181 932
	139 358 035	112 834 980

The management fee is recovered through the tariff in terms of the concession agreement.

The surplus distribution is due to the local municipalities. Refer to note 50.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

19. Other revenue

The amount included in other revenue arising from non-exchanges of goods or services are as follows:

Unclaimed funds (monies)	38 746	49 905
Other income	476 888	908 372
Fire services (Cederberg and Matzikama Local Municipalities)	-	5 953 492
	515 634	6 911 769

The amount included in other revenue arising from exchange transactions is as follows:

Rent	3 295 559	3 248 348
Water services	2 214	2 365
Interest on debtors	80 355	73 295
Sale of Scrap	167 179	73 942
Fire services (WCDM)	1 254 133	1 355 357
Other Income	720 304	984 773
	5 519 744	5 738 080

20. Government grants and subsidies

The following grants and subsidies were received and recognised : No funds destined for the municipality in terms of the annual Division of Revenue Act were delayed, withheld or withdrawn.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

20. Government grants and subsidies (continued)

Unconditional grants

RSC Levy Replacement Grant (Equitable Share)	80 366 000	78 469 661
Equitable Share	23 008 000	21 002 000
	103 374 000	99 471 661

Conditional grants

Local Government Graduate Internship Grant	182 849	143 058
Western Cape Financial Management Grant (IDP & Internship)	40 985	29 015
Community Development Grant (CDW)	89 843	101 813
Provincial Government - Regional Co-ordination and Mentoring Grant	50 819	-
Financial Management Grant	1 000 000	1 000 000
EPWP Grant	1 194 000	1 401 000
Road Infrastructure Grant	1 900 000	-
Provincial Government - Joint District Initiative	1 820 000	-
Rural Roads Management	2 706 650	2 586 000
Provincial Government - Public Employment Grant	200 000	-
Fire Services Grant	821 000	-
Provincial Government - Community Safety : WOSA	3 030 440	1 251 574
Working for Water	624 414	474 981
Other Government Grant and Subsidies	566 597	344 289
	14 227 597	7 331 730

Total Government Grants and Subsidies

117 601 597 106 803 391

20.1) Local Government Graduate Internship Grant

Balance unspent at the beginning of the year	312 713	205 771
Current year receipts	100 000	250 000
Current year interest	-	-
Conditions met - transferred to revenue	(182 849)	(143 058)
Transferred to Provincial Treasury	(62 713)	-
Conditions still to be met - transferred to liabilities	167 151	312 713

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist the graduate internship programme within the West Coast District.

20.2) Financial Management Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	1 000 000	1 000 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Good governance and financial viability. The purpose of the grant was to support the training of municipal officials in financial management, the appointment of interns and the acquisition, upgrade and maintenance of financial management systems

20.3) Fire Services Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	821 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(821 000)	-
Conditions still to be met - transferred to liabilities	-	-



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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20. Government grants and subsidies (continued)

Strategic objective - Social well-being. The purpose of the grant is to provide fire services within the West Coast District area.

20.4) Provincial Government - Joint District Metro Approach

Balance unspent at the beginning of the year	1 820 000	-
Current year receipts	1 000 000	1 820 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 820 000)	-
Conditions still to be met - transferred to liabilities	1 000 000	1 820 000

Strategic objective - Good governance and financial viability. The purpose of the grant for joint district initiatives within the West Coast District.

20.5) EPWP Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	1 194 000	1 401 000
Current year interest	-	-
Conditions met - transferred to revenue	(1 194 000)	(1 401 000)
Conditions still to be met - transferred to liabilities	-	-

Strategic objective - Environmental Integrity. The purpose of the grant was for community safety, sustainable land-based livelihoods, development and maintenance of buildings, health, roads and stormwater system development and maintenance and other social sector projects.

20.6) Community Development Workers (CDW)

Balance unspent at the beginning of the year	30 437	56 251
Current year receipts	75 000	76 000
Current year interest	-	-
Conditions met - transferred to revenue	(89 843)	(101 814)
Conditions still to be met - transferred to liabilities	15 594	30 437

Strategic objective - Social well-being. The purpose of the grant is for the development of community within the West Coast District.

20.7) Western Cape Financial Management Grant (IDP and Internship)

Balance unspent at the beginning of the year	40 985	-
Current year receipts	-	70 000
Current year interest	-	-
Conditions met - transferred to revenue	(40 985)	(29 015)
Conditions still to be met - transferred to liabilities	-	40 985

Strategic objective - Good governance and financial viability. The purpose of the grant is to support the internship programme as well as strategic services within the West Coast District area.

20.8) Rural Roads Management

Balance unspent at the beginning of the year	-	208 661
Current year receipts	2 707 000	2 586 000
Current year interest	-	-
Conditions met - transferred to revenue	(2 706 650)	(2 586 000)
Transferred to National Treasury	-	(208 661)
Conditions still to be met - transferred to liabilities	350	-

Strategic objective - Environmental Integrity. The purpose of the grant is to develop a rural roads management plan within the West Coast District area.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022

20. Government grants and subsidies (continued)

20.9) Provincial Government - Financial Management

Balance unspent at the beginning of the year	500 000	-
Current year receipts	200 000	500 000
Current year interest	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	700 000	500 000

Strategic objective - Good governance and financial viability. The purpose of this grant is to assist with financial management within the West Coast District.

20.10) Western Cape Financial Management Grant (IDP & Internship)

Balance unspent at the beginning of the year	640	640
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	640	640

Strategic objective - Good governance and financial viability. The purpose of the grant is to assist with financial management within the West Coast District.

20.11) Provincial Government - Community Safety : WOSA

Balance unspent at the beginning of the year	1 877 120	805 694
Current year receipts	1 500 000	2 323 000
Current year interest	-	-
Conditions met - transferred to revenue	(3 030 440)	(1 251 574)
Conditions still to be met - transferred to liabilities	346 680	1 877 120

Strategic objective - Social well - being. The purpose of the grant is safety planning within the communities.

20.12) Mayor's Charity Fund

Balance unspent at the beginning of the year	(265)	(265)
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	(265)	(265)

20.13) Provincial Government - Municipal Service Delivery Grant

Balance unspent at the beginning of the year	99	99
Current year receipts	-	-
Current year interest	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	99	99

Strategic objective - Good governance and financial viability. The purpose of the grant is to improve service delivery within the West Coast District.

20.14) Provincial Government - Regional co-ordination and Mentoring Grant

Balance unspent at the beginning of the year	-	-
Current year receipts	200 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(50 818)	-
Conditions still to be met - transferred to liabilities	149 182	-

Strategic objective - Good governance and financial viability. The purpose of the grant is to improve regional co-ordination and mentoring within the West Coast District.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
20. Government grants and subsidies (continued)		
20.15) Provincial Government - Public Employment Grant		
Balance unspent at the beginning of the year	200 000	-
Current year receipts	-	200 000
Current year interest	-	-
Conditions met - transferred to revenue	(200 000)	-
Conditions still to be met - transferred to liabilities	-	200 000
Strategic objective - Social well - being. The purpose of the grant is for public employment within the West Coast District.		
20.16) Working for Water		
Balance unspent at the beginning of the year	-	(201 177)
Current year receipts	624 414	676 158
Current year interest	-	-
Conditions met - transferred to revenue	(624 414)	(474 981)
Conditions met - transferred to liabilities	-	-
Strategic objective - Environmental Integrity. The purpose of the grant is to clear alien plants within the West Coast District.		
20.17) Road Infrastructure		
Balance unspent at the beginning of the year	-	-
Current year receipts	1 900 000	-
Current year interest	-	-
Conditions met - transferred to revenue	(1 900 000)	-
Conditions met - transferred to liabilities	-	-
Strategic objective - Essential Bulk Services. The purpose of the grant is to improve road infrastructure within the West Coast District.		
Unspent conditional grants and subsidies		
PAWC and State funds - various projects (see note)	2 379 431	4 781 729



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022

21. Employee related costs

Employee related costs - Salaries and wages	131 223 233	124 307 719
Employee related costs - Contributions for UIF, pensions and medical aids	32 693 657	31 602 857
Bonus paid	7 783 055	7 479 258
Bonus paid - Roads	3 112 604	3 083 374
Travel, motor car, accommodation, subsistence and other allowances	13 454 522	14 783 656
Other payroll levies	2 737 016	2 625 669
Overtime payments	14 337 859	12 404 045
Contributions to employee benefits	12 504 207	10 545 822
Leave accrual	1 652 852	526 517
Special allowances	5 987 895	5 440 123
Housing benefits and allowances	993 558	962 487
	226 480 458	213 761 527

Remuneration of Municipal Manager (This expense forms part of employee related costs)

Annual Remuneration	1 626 594	1 640 344
Car Allowance	120 000	120 000
Performance Bonuses	344 569	365 386
Contributions to UIF, Medical and Pension Funds	36 019	37 510
Telephone allowance	20 184	20 184
Other	130	124
	2 147 496	2 183 548

Remuneration of Chief Finance Officer (This expense forms part of employee related costs)

Annual Remuneration	1 724 051	1 601 277
Car Allowance	72 000	72 000
Performance Bonuses	357 094	340 501
Contributions to UIF, Medical and Pension Funds	2 125	2 125
Telephone allowance	20 184	20 184
Other	130	124
	2 175 584	2 036 211

Remuneration of Director - Technical services (This expense forms part of employee related costs)

Annual Remuneration	1 204 269	276 095
Car Allowance	211 456	50 394
Performance Bonuses	296 915	223 602
Contributions to UIF, Medical and Pension Funds	2 125	532
Telephone allowance	20 184	5 046
Other	130	31
	1 735 079	555 700

Remuneration of Director - Corporate and Community services (This expense forms part of employee related costs)

Annual Remuneration	1 426 587	1 318 497
Car Allowance	120 000	120 000
Performance Bonuses	357 837	341 273
Contributions to UIF, Medical and Pension Funds	251 589	236 905
Telephone allowance	20 184	20 184
Other	130	124
	2 176 327	2 036 983



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

22. Remuneration of councillors

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee members are full-time Councillors. Each is provided with an office and secretarial support at the cost of the municipality.

The Executive Mayor has the use of a council owned vehicle for official duties.

Certification by the Accounting Officer

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisage in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Executive Mayor	1 006 008	895 631
Deputy Executive Mayor	808 918	742 966
Mayoral Committee Members	1 614 859	2 001 999
Speaker	800 125	736 350
Councillors and Secretarial support	3 317 744	3 135 928
Councillors pension contribution	46 133	55 034
	7 593 787	7 567 908

23. Finance costs

Long-term liabilities	64 714	323 218
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24. Bulk purchases

Water	18 564 044	22 612 171
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AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
25. General expenses		
Advertising	444 101	267 121
Assessment rates & municipal charges	27 970 434	26 504 939
Auditors remuneration	4 888 691	3 559 676
Study - rural roads	2 571 300	2 456 700
Computer expenses	7 392 515	7 179 523
Consulting and professional fees	5 638 491	3 834 070
Insurance	1 959 940	1 479 345
Rental offices	209 466	296 821
Water demand management	90 341	77 233
Lease rental on operating lease	397 323	385 588
Fuel and oil	28 832 115	20 523 926
Printing and stationary	849 370	769 058
Security (Guarding of municipal property)	1 019 094	987 147
Subscriptions and membership fees	48 470	12 046
Telephone and fax	3 165 299	3 184 881
Transport and freight	41 841	25 026
Training	532 634	608 148
Travel - local (subsistence allowance)	4 411 997	3 721 424
Water and milk samples	12 795	9 373
Uniforms	1 978 525	2 013 227
Exhibitions	339 568	315 265
Professional services (Water services)	212 495	787 022
Infrastructure and planning - civil and land	45 835 418	28 726 624
Maintenance of buildings and equipment	13 664 620	8 511 218
Hire charges	7 881 689	12 549 931
Workmen's compensation	1 145 962	1 146 128
Skills development levies	1 876 891	1 787 474
Security services	559 126	131 924
Traffic and street lights	1 111 613	1 884 417
Fire services	119 699	556 815
SALGA levies	2 222 135	2 072 563
Signage	908 171	1 396 710
Air pollution	143 332	148 995
Other operating expenses	9 097 436	7 200 209
	177 572 897	145 110 567

26. Prior period errors

The correction of errors resulted in adjustments as follows:

	Adjustment
The Municipality incorrectly calculated VAT at 14% instead of 15%,	(24 178)
Correction of SARS funds claimed in the prior year	(4)
Correction of assessment rates and municipal charges paid in the prior financial year	(57 466)
Refund made for government grants and subsidies received in the prior financial year,	(350 000)
Correction of unauthorised, fruitless and wasteful expenditure made in the prior financial year.	(7 690)
Correction of finance deposits held for other institutions in the prior financial year	319 420
Correction of retention in the prior financial year.	97 220
Correction of computer expenses in the prior year	351 766
Correction of Other receivables from exchange transactions	(6 483 430)
Correction of Other receivables from non-exchange transactions	6 483 430
Correction of bulk purchase expenses in the prior year	(10 198 352)
	(9 869 284)



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

26. Prior period errors (continued)

Statement of Financial Performance - 30 June 2022

	Balance before adjustment	Adjustment	Balance after adjustment
Government grants and subsidies - Refer to note 20	107 153 391	(350 000)	106 803 391
Bulk purchases - Refer to note 24	(12 413 819)	(10 198 352)	(22 612 171)
General expenditure - Refer to note 25	(145 358 986)	248 419	(145 110 567)
	(50 619 414)	(10 299 933)	(60 919 347)

Government grants and subsidies - 30 June 2022

	Balance before adjustment	Adjustment	Balance after adjustment
Provincial Government - Regional Co-ordination and Mentoring Grant - 30 June 2022	350 000	(350 000)	-

General expenditure

	Balance before adjustment	Adjustment	Balance after adjustment
Assessment rates & municipal charges - 30 June 2022	(26 447 473)	(57 466)	(26 504 939)
Computer expenses - 30 June 2022	(7 485 408)	305 885	(7 179 523)
	(33 932 881)	248 419	(33 684 462)

Statement of Financial Position - 30 June 2022

	Balance before adjustment	Adjustment	Balance after adjustment
Trade payables from exchange transactions - Refer to note 10	(32 687 370)	(11 641 336)	(44 328 706)
VAT receivable - Refer to note 11	12 572 461	1 460 322	14 032 783
Other receivables from exchange transactions - Refer to note 4	56 458 242	(6 491 120)	49 967 122
Other receivables from non-exchange transactions - Refer to note 53	-	6 802 850	6 802 850
	36 343 333	(9 869 284)	26 474 049

Accumulated surplus

	Balance before adjustment	Adjustment	Balance after adjustment
Balance as at 30 June 2022	370 471 629	(9 869 284)	360 602 345

Other revenue correction of error

	Balance before adjustment - 2022	Adjustment	Balance after adjustment - 2022
Other revenue from non-exchange transactions. Refer to note 19.	8 043 779	(1 132 010)	6 911 769
Other revenue from exchange transactions. Refer to note 19.	4 606 070	1 132 010	5 738 080
	-	-	-

Additional disclosure in terms of Municipal Finance Management Act

	Balance before adjustment - 2022	Adjustment	Balance after adjustment - 2022
PAYE and UIF disclosure corrected. Current year subscription / fee - current year. Refer to note 32.3.	31 230 392	3 145 112	34 375 504
PAYE and UIF disclosure corrected. Amount paid - current year. Refer to note 32.3.	(31 230 392)	(3 145 112)	(34 375 504)



AUDITOR - GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
27. Cash generated from operations		
Surplus	41 635 277	8 134 864
Adjustments for:		
Depreciation and amortisation	10 120 882	8 573 925
Roads receivable - Employee benefits	1 050 984	2 371 880
Donated assets - Other assets	-	(86 481)
Capital redemption - Concession arrangement	1 500 000	3 000 000
Gain on property, plant and equipment	-	(25 087)
Loss on property, plant and equipment	65 002	-
Changes in working capital:		
Inventories	(290 116)	(1 829 710)
Receivables from exchange transactions	318 848	2 552 852
Other receivables from exchange transactions	17 234 728	(13 218 667)
Other receivables from non-exchange transactions	1 302 501	(6 802 850)
Payables from exchange transactions	(6 628 914)	19 275 282
VAT	188 906	4 024 301
Unspent conditional grants and receipts	(2 402 298)	3 504 879
Employee benefits	(3 753 250)	3 891 267
Distribution receivable - Concession arrangement	(318 756)	-
Distribution provision - Concession arrangement	(23 471 360)	(10 723 211)
	36 552 434	22 643 244

28. Utilisation of Long-term liabilities reconciliation

Long-term liabilities (See note 14)	-	1 500 000
Used to finance property, plant and equipment	-	(1 500 000)
Cash set aside for the repayment of long-term liabilities	-	1 500 000
	-	1 500 000

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

29. Unauthorised expenditure

Opening balance as previously reported	-	-
Correction of prior period error	-	-
Opening balance as restated	-	-
Add: Unauthorised Expenditure - prior period	-	-
Add: Unauthorised Expenditure - current	-	-
Less: Amounts recoverable - current	-	-
Less: Amounts recoverable - prior period	-	-
Less: Amount written off - current	-	-
Less: Amount written off - prior period	-	-
Closing balance	-	-



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
30. Fruitless and wasteful expenditure		
Opening balance as previously reported	635 843	635 843
Correction of prior period error	-	-
Opening balance as restated	635 843	635 843
Add: Fruitless and wasteful Expenditure - prior period	-	-
Add: Fruitless and wasteful Expenditure - current	15 622	27 781
Less: Amounts recoverable - current	-	-
Less: Amounts recoverable - prior period	-	-
Less: Amount written off - current	(15 622)	(27 781)
Less: Amount written off - prior period	-	-
Closing balance	635 843	635 843

30 June 2023 and 2022

The municipality identified one incident of fruitless and wasteful expenditure in this financial year. Reasonable steps were taken by management to address the control deficiency and the responsible official/s and were held accountable for any loss incurred by the municipality.

Incident 1 - The municipality paid penalties and interest for SABC TV licence renewals.	-	19 398
Incident 2 - The municipality paid penalties to SARS for UIF payments.	-	8 383
Incident 3 - An employee sold the municipality's store items for personal gain.	15 622	-
	15 622	27 781

31. Irregular expenditure

Opening balance as previously reported	682 294	92 097
Correction of prior period error	-	-
Less: Amounts written-off	682 294	92 097
Add: Irregular Expenditure - current	5 053 752	12 360 533
Add: Irregular Expenditure - prior period	1 022 358	727 480
Less: Amounts recoverable - current	-	-
Less: Amounts recoverable - prior period	(8 977)	(5 000)
Less: Amount written off - current	(5 053 752)	(11 765 336)
Less: Amount written off - prior period	(1 617 555)	(727 480)
Closing balance	78 120	682 294

Subsequent to clarity provided by National Treasury, the irregular expenditure relating to the Supply Chain Management regulation 29 has been corrected. There is no non-compliance and no irregular expenditure as the municipality applied MFMA Circular 34 - Guidelines Bid Adjudication Committees dated 28 June 2006.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

31. Irregular expenditure (continued)

30 June 2023 and 2022

Incident 1 - The municipality did not comply with paragraph 8 (5) of the Preferential Procurement Regulation, 2017 while contracting with a service provider.	-	51 542
Incident 2 - The municipality did not comply with paragraph 8 (5) of the Preferential Procurement Regulation, 2017 while contracting with a service provider.	-	52 454
Incident 3 - The municipality did not comply with CIDB while contracting with a service provider.	-	4 084 442
Incident 4 - The Supply Chain Management Regulation, paragraph 36 states that the accounting officer may dispense with the official procurement process in certain circumstances. The reason provided by management for this deviation was found to be invalid.	-	260 301
Incident 5 - The Supply Chain Management Regulation, paragraph 36 states that the accounting officer may dispense with the official procurement process in certain circumstances. The reason provided by management for this deviation was found to be invalid. The irregular expenditure was identified in the previous years and must be declared until the contract comes to an end.	1 022 358	230 900
Incident 6 - The Supply Chain Management Regulation, paragraph 32 states that the accounting officer may procure goods or services under a contract secured by another organ of state. The municipality did not comply with this regulation regarding the scope of a contract. The irregular expenditure was identified in the previous years and must be declared until the contract comes to an end.	4 749 052	8 408 374
Incident 7 - Following an investigation conducted by the municipality it was found that procurement was made in contravention with paragraph 39(d) of the Supply Chain Management policy. According to this provision, it is mandatory that before a payment is approved, certification by the responsible employee must be made that the goods and/or services are received and/or rendered on time and is in accordance with the order, the general conditions of the contract and specifications where applicable and that the price charged are as quoted in terms of the contract.	304 700	-
	6 076 110	13 088 013

32. Additional disclosure in terms of Municipal Finance Management Act

32.1) Contributions to organised local government

Opening balance	-	-
Current year subscription / fee	2 222 135	2 072 563
Amount paid - current year	(2 222 135)	(2 072 563)
Amount paid - previous years	-	-
Balance unpaid (Included in creditors)	-	-

32.2) Audit fees

Opening balance	-	-
Current year subscription / fee	4 888 691	3 559 676
Amount paid - current year	(4 888 691)	(3 559 676)
Amount paid - previous years	-	-
Balance unpaid (Included in creditors)	-	-



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
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32. Additional disclosure in terms of Municipal Finance Management Act (continued)

32.3) PAYE and UIF

Opening balance	-	-
Current year subscription / fee	39 321 438	34 375 504
Amount paid - current year	(39 321 438)	(34 375 504)
Amount paid - previous years	-	-
Balance unpaid (Included in creditors)	-	-

The municipality corrected the previous years amount disclosed in the Annual Financial Statements. This disclosure is a Municipal Finance Management Act (MFMA) requirement. Refer to note 26

32.4) Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	31 620 120	30 557 799
Amount paid - current year	(31 620 120)	(30 557 799)
Amount paid - previous years	-	-
Balance unpaid (Included in creditors)	-	-

32.5) VAT

VAT receivable	13 843 878	14 032 783
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VAT output payables and VAT input receivables are shown in note 11.

All VAT returns have been submitted by the due date throughout the year.

32.6) Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor A	-	-	-

32.7) Non-compliance to laws and regulations

In terms of section 65(2)(e) of the Local Government: Municipal Finance Management Act the accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure. This was not done by the relevant officials as prescribed.

In terms of section 23(5) of the Municipal Budget and Reporting Regulations an adjustment budget referred to in section 28 (2) (e) of the Act may only be tabled after the end of the financial year to which the roll-over relate, and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-over relate. This was not done by the relevant officials as prescribed.

33. Capital Commitments

Authorised capital expenditure

Capital commitments are specific capital projects approved per tender and budget but still in progress at period end. The municipality does not have any capital commitments for this financial period.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

34. Retirement benefit information

The municipality provides retirement benefits for all its permanent employees through a defined contribution plan, which is subject to the Pension Fund Act, 1956 as amended. The contributions made by the municipality and the employees to the plan during the year was :

Cape Joint Pension Fund	138 036	128 509
Cape Joint Retirement Fund	32 128 473	31 101 883
	32 266 509	31 230 392

Cape Joint Pension Fund, which is a defined multi - employer contribution fund. Contribution ratio for employees 9% and Council 18%. Contribution ratio for Councillors 9% and Council 18%.

Multi employer funds are treated as defined contribution funds.

35. Related parties

Relationships

The following related parties exist:

Members of key management - Refer to note 21 for the amounts payable to key management

Councillors - Refer to note 22 for the amount paid to Councillors

D Joubert (Municipal Manager)

J C P Tesselaar (Chief Financial Officer)

W Markus (Director - Corporate and Community services)

A C Koch (Director - Technical services)

Ald R W Strydom (Executive Mayor)

Ald S M Crafford (Deputy Executive Mayor)

Cllr N S Louw (Speaker)

Cllr J A Engelbrecht (Mayoral committee member)

Cllr M Schrader (Mayoral committee member)

Cllr C Daniels (Mayoral committee member)

Cllr S A Gxabalashe

Cllr O M Stemele

Cllr J Alexander

Cllr G Stephan

Cllr L Venter

Cllr A J Pool

Cllr F Kamfer

Cllr I S Adams

Cllr A Small

Cllr Z S Komani-Nkohla

Cllr L Mitchell

Ald M Koen

Ald E Plaatjies

Cllr B J Penxa

Cllr I S Le Minnie

Cllr D C Pypers

Cllr S J Tshabalala

Cllr T F Waldeck

Cllr B L Witbooi



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

36. Leases

36.1) Lease payable

The total future minimum operating lease payments payable under existing arrangements are categorised as follows:

a) Within one year of the reporting date	315 611	416 433
b) More than one year but less than five years of the reporting date	219 330	438 661
	534 941	855 094

The municipality entered into an operating lease for the rental of photocopiers for three years with Konica Minolta. There is no escalation clause.

The municipality entered into an operating lease for the rental of two offices. The lease is between Saldanha Bay IDZ Licensing Company (SOC) Ltd and the municipality. The contract is for a period of six months.

The municipality entered into an operating lease for the rental of two offices. The lease is between Swemmerspark and the municipality. The contract is for a period of two years. The property involved is site 86 Veldt.

An operating lease exists between G R Damp and the municipality. The contract is for a month to month period. The property involved is Swartberg, Malmesbury (Section 5 of farm 619 Malmesbury road).

An operating lease exists between SITA and the municipality. The contract is for a period of one year. This involves the maintenance of Microsoft software, products and services.

The municipality entered into an operating lease for the rental of storage capacity. The lease is between Saldanhabay municipality and this municipality. The contract is for a month to month period. The property involved is erf 860 Langebaan.

The municipality entered into an operating lease for the rental of storage capacity. The lease is between Linu farms and this municipality. The contract is for a two year period. The property involved is Petersfield 455, Voortrekker Street, Citrusdal, Section Clanwilliam.

The municipality entered into an operating lease with Marcelle Ann Ellis and Jannie Nel Ellis. The contract is for a three year period. The property involved is Die Trek 28 Piketberg.

The municipality entered into an operating lease with Strassberger Investments. The contract is for a three year period. The property involved is erf 2715 Hoofweg 28A Clanwilliam.

36.2) Lease receivable

The following future minimum significant operating lease receivable under the existing operating lease arrangement are categorised as follows:

a) Within one year of the reporting date	202 811	304 217
b) More than one year but less than five years of the reporting date	-	202 811
	202 811	507 028

The municipality entered into an operating lease as lessor with the Department of Transport and Public Works as the lessee. The lease term commenced on 1 March 2014 and expires with option to extend on 28 February 2024 and covers a period of 10 years. The property involved is the Moorreesburg ambulance station situated on erf 641.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

37. Risk management and Financial instrument disclosure

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
-----------------	------	------

37. Risk management and Financial instrument disclosure (continued)

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

37.1) Credit Risk

The carrying amount of financial assets and loans represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was : Refer to note 4,5,50 and 53.

Trade and other receivables	38 236 999	57 021 501
The ageing of trade and other receivables at the reporting date was :		
Current	38 127 859	57 071 740
30 days	505 878	747 167
60 days	176 400	136 134
90 days	9 067	30 078
120 days plus	41 033	66 322
Less : Provision for bad debt	(623 238)	(1 029 940)
	38 236 999	57 021 501

The movement in the allowance for bad debt in respect of trade receivables over the year was :

Balance at the beginning of the year	1 029 940	629 383
Contribution to provision	999 221	2 255 196
Expenditure incurred	(1 405 923)	(1 854 639)
	623 238	1 029 940

The allowance for impairment in respect of trade and other receivables is used to record impairment losses until the municipality is satisfied that no recovery of the amount owing is possible. At that point the amount is considered irrecoverable and written off directly against the financial asset.

37.2) Liquidity risk

The following are contractual maturities of financial liabilities, including interest payments and excludes the impact of netting agreements :

Non-derivative financial liabilities 2023	Carrying Amount	Contractual Cash Flows	Within 1 Year	2 - 5 Years	More than 5 Years
Unspent conditional grants and receipts	2 379 431	-	-	-	-

37.3) Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long term debtors, consumer debtors, other debtors and bank and cash balances. The municipality is exposed to interest rate risk as the municipality's borrowed funds is at a fixed interest rate. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The financial assets are based on the interest rate provided by the banks and National Treasury at the reporting date. The municipality's exposure to interest rate risk and the effective interest rates on financial instruments at reporting date are as follows :

Non-derivative financial assets 2023	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other receivables (8%)	38 236 999	-	-
Cash and cash equivalents - Cash book balances (Prime less 4%)	344 329 042	-	-

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022

37. Risk management and Financial instrument disclosure (continued)

	382 566 041	-	-
Non-derivative financial liabilities 2023	Within 1 Year	2 - 5 Years	More than 5 Years
Trade and other payables (Interest free)	23 248 059	-	-
Unspent conditional grants and receipts	2 379 431	-	-
	25 627 490	-	-

Sensitivity analysis

An increase of 1% in interest rates at 30 June would have increased / (decreased) financial assets and profit or loss by the amounts shown below. A decrease of 1% in interest at 30 June would have had the equal but opposite effect on the above financial instruments, on the basis that all other variables remain constant. There were no changes in the municipality's approach from the prior year.

Non-derivative financial assets 2023

	Statement of Financial Position	Profit or loss
Trade and other receivables	38 236 999	382 369
Cash and cash equivalents - Cash book balances	344 329 042	3 443 290
	382 566 041	3 825 659

37.4) Fair value

Due to their short maturities the fair values of all financial instruments are substantially identical to the values reflected in the Statement of Financial Position.

37.5) Receivables past due

Refer to note 5 for more information regarding the provision for impairment raised against receivables considered to be past due. Also refer to note 53 for receivables - fire services Cederberg and Matzikama Local Municipalities that are past due but not impaired - R5 163 917 (2022 - R6 483 430). These receivables are aged past due (121-365 days).

No receivables were pledged as security for liabilities and no collateral is held from any consumers.

The following service receivables are past due, but not impaired:

Electricity	58 163	21 779
Water	451 095	888 367
Sewerage	3 540	1 301
Housing rental	219 580	68 254
	732 378	979 701

Past due receivables are aged as follow:

Past due (31-60 days)	505 878	747 167
Past due (61-90 days)	176 400	136 134
Past due (91-120 days)	9 067	30 078
Past due (121-365 days)	41 033	66 322
	732 378	979 701

38. Contingent assets

The municipality has a claim for breach of contract / damages against West Coast Builders CC amounting to R250 000. The High Court case number is 19112/2018.

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

39. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the audited annual financial statements. The value of the award is disclosed in the financial statements.

DT Sibenza Security Services - Emergency	4 800	-
Bergvriër Gutters - Emergency	3 950	-
Adapt IT - Sole supplier	75 847	-
Chartered Institute of Government - Exceptional case it is impractical or impossible to follow the official procurement processes	6 740	-
Chartered Institute of Government - Exceptional case it is impractical or impossible to follow the official procurement processes	21 180	-
Wolters Kluwer Tax and Accounting - Sole supplier	19 615	-
Channel Data (Pty) Ltd t/a Powermode - Emergency	2 887	-
Switch Electrical and Project - Exceptional case and it is impractical or impossible to follow the official procurement processes	2 600	-
Nexia SAB & T - Exceptional case and it is impractical or impossible to follow the official procurement processes	189 274	-
Solvem Consulting - Sole supplier	12 581	-
EOH Mthombo - Exceptional case and it is impractical or impossible to follow the official procurement processes	11 500	-
CK Coetzee - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	35 029	-
Dr Wilhemina Erasmus - Exceptional case and it is impractical or impossible to follow the official procurement processes	2 700	-
Perdeberg Motors - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	19 347	-
Institute of Internal Auditors - Exceptional case and it is impractical or impossible to follow the official procurement processes	6 325	-
CSE Equipment CO (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	96 174	-
FRJ Electrical and Maintenance - Exceptional case and it is impractical or impossible to follow the official procurement processes	22 122	-
Microsoft Ireland Operations - Sole supplier	1 239 316	-
Dr Wilhelmina Erasmus - Exceptional case and it is impractical or impossible to follow the official procurement processes	1 400	-
Perdeberg Motors - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	36 916	-
Namibia Tourism Expo - Exceptional case and it is impractical or impossible to follow the official procurement processes	22 566	-
BNA Brake and Radiators - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	9 585	-
Eric Jerome Pots - Exceptional case and it is impractical or impossible to follow the official procurement processes	15 000	-
Radio Dot Comm - Emergency	11 425	-
Cape Truck and Van - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	3 483	-
Exilite 407 - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	13 877	-
WJ Cotter Electrical - Emergency	55 085	-
Vision Elevators - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	2 686	-
FRJ Electrical and Maintenance - Exceptional case and it is impractical or impossible to follow the official procurement processes	24 105	-



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
39. Deviation from supply chain management regulations (continued)		
Baymont Cape Projects - Emergency	44 939	-
Exilite 407 - Emergency	351 707	-
Baymont Cape Projects - Emergency	482 856	-
Ignite Advisory Services - Exceptional case and it is impractical or impossible to follow the official procurement processes	43 746	-
WJ Cotter Electrical - Emergency	450 858	-
Solvem Consulting - Sole supplier	15 043	-
Switch Electrical - Exceptional case and it is impractical or impossible to follow the official procurement processes	7 371	-
Vetties Waste (Pty) Ltd - Emergency	100 772	-
FRJ Electrical and Maintenance - Exceptional case and it is impractical or impossible to follow the official procurement processes	14 876	-
Vision Elevators - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	16 118	-
SPOC Managed Services - Emergency	62 262	-
West Coast Petroleum - Emergency	40 250	-
Vetties Waste (Pty) Ltd - Emergency	76 407	-
Advanced Energies Africa - Sole Supplier	3 301 402	-
Interactive Trading 498 CC - Exceptional case and it is impractical or impossible to follow the official procurement processes	31 850	-
CK Coetzee - Emergency	40 020	-
Loekie Oosthuizen Arbeidsterareut - Exceptional case and it is impractical or impossible to follow the official procurement processes	7 500	-
Perdeberg Motors - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	6 568	-
Vetties Waste (Pty) Ltd - Emergency	5 739	-
Vetties Waste (Pty) Ltd - Emergency	25 763	-
CK Coetzee - Emergency	21 942	-
Peninsula Industries - Emergency	53 066	-
AmandlaGCF Construction - Exceptional case and it is impractical or impossible to follow the official procurement processes	1 155 023	-
Water Institute of Southern Africa - Sole supplier	9 800	-
Switch Electrical and Projects - Exceptional case and it is impractical or impossible to follow the official procurement processes	19 545	-
FRJ Electrical and Maintenance - Exceptional case and it is impractical or impossible to follow the official procurement processes	7 528	-
Wesgro - Exceptional case and it is impractical or impossible to follow the official procurement processes	33 000	-
Xneelo (Hetzner) - Sole supplier	5 270	-
Neuron Logistics - Emergency	1 372 385	-
Neuron Logistics - Emergency	2 232 175	-
Juno Corp - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	14 375	-
AL Abbott and Associates - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	3 379	-
FRJ Electrical and Maintenance - Exceptional case and it is impractical or impossible to follow the official procurement processes	8 034	-
Paltechnologies - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	556 046	-
Coetzee Coach Works - Emergency	8 115	-
FRJ Electrical and Maintenance - Exceptional case and it is impractical or impossible to follow the official procurement processes	2 004	-
Switch Electrical and Projects - Exceptional case and it is impractical or impossible to follow the official procurement processes	9 661	-
Indexx Laboratories - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	158 494	-
First Technology (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	23 073



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
39. Deviation from supply chain management regulations (continued)		
Cutters - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	5 445
Adapt IT - Sole supplier	-	82 720
Sasfin Commercial Solutions - Sole supplier	-	6 000
Switch Electrical (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	5 242
Wec-Consult (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	169 464
De Kock Cronje - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	50 922
Hashtopic - Emergency	-	5 434
Internet Solutions - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	8 806
Gert Jacobus Vlok - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	3 756
Vetties Waste (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	29 911
Bytes System Integration - Sole supplier	-	162 335
H H Ballard - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	13 220
Ignite Advisory Services - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	50 835
Solvem Consulting (Pty) Ltd - Sole supplier	-	12 445
Switch Electrical (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	10 020
De Kok & Cronje (Pty) Ltd - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	16 891
South African weather services - Sole supplier	-	7 578
Internet Solutions - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	2 667
Microsoft Ireland Operations - Sole Supplier	-	997 075
H H Ballard - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	7 058
Working on Fire - Emergency	-	3 850
Interactive Trading 498 CC - Exceptional case and it is impractical or impossible to follow the official procurement processes	-	40 000
Sasfin Commercial Solutions - Sole supplier	-	6 000
Working on Fire - Emergency	-	233 434
Working on Fire - Emergency	-	127 318
Sibathatu Mining - Emergency	-	7 073
Kishugu Aviation - Emergency	-	100 889
Xneelo (Pty) Ltd - Emergency	-	4 098
Barloworld Equipment - Sole supplier	-	39 742
C M Elektries - Emergency	-	2 950
Kemach Equipment - Sole supplier	-	40 988
Hydrenco (Pty) Ltd - Ad-hoc repairs to plant and equipment where it is not possible to ascertain the nature or extent of the work required in order to call for bids	-	53 176
Barloworld Equipment - Sole supplier	-	45 663
Imperial Trucks - Cape Town - Sole supplier	-	32 335
Max Internet Technologies - Emergency	-	11 245
Green Door Construction - Emergency	-	9 586
O T Hartung en Seun - Emergency	-	7 192
	12 764 004	2 436 436

In terms of the Supply Chain Regulations No 27636 - 30 May 2005 Section 45 the municipality is allowed to make awards to close family members or persons in the service of the state, or who have been in the service of the state in the previous twelve months. As per the reporting period the municipality made the following awards :



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

39. Deviation from supply chain management regulations (continued)

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

Piston Power Chemicals CC - Mrs N Andhee - KZN Department of Education - Teacher	508 547	477 499
IOMU Trading (Pty) Ltd - Mrs A Appolis - Department of Correctional Services - Employee	-	460 184
Blackbird Trading CC - Mrs M Smit - Employee - Swartland Municipality	15 000	-
African Oxygen Limited - Nomfundo Qanguis, Mr C Wells, Mr K Mokhele, Mr N Thompson - Goega Development Corporation - Employee	103 638	115 757
Amandla Construction - J Jacobs (Employee) - National Government Employment and Labour, U Frazenburg (Employee) - National Government Deeds Office	1 187 441	-
Kimberly, E Frazenburg (Teacher) - Western Cape Government Education		
Eersteriver HS, J Franzenburg (Teacher) - Western Cape Government Education		
Kleinvele HS, B Frazenburg (Employee) - City of Cape Town.		
Global Credit Rating Co - Mr M Ngossheng - Goega Development Corporation - Non-executive director	200 000	199 525
Sivad Trading (Pty) Ltd - Mrs Y Davis Michaels - Department of International Relations - Clerk	-	1 135
Sheq and Risk Partners (Pty) Ltd - M Lazenby - Employee - Western Cape Government	15 640	-
Golden Rewards 1873CC - Mr R de Jager - WC - Department of Education - Teacher	43 200	72 000
Ithuba Industries - Mrs De Monrey - Sir Lowry's Pass Primary - Teacher	344 825	684 754
W J Cotter Electrical - S Crafford - Councillor - West Coast District Municipality	1 351 561	-
Improchem t/a AECI Water - K Mokhele - Employee - University of Free State	7 196 795	-
Siphakame - N S Vacu - Employee - Drakenstein Municipality	127 325	-
JVC Construction (Pty) Ltd - Mr R Matthee - Employee - Department of Correctional Services	-	1 011 341
Namaqua Engineering - Mr R Basson - Matzikama Municipality - Acting Director Technical Services	-	1 008 940
Namaqua Service Centre - Mr R Basson - Matzikama Municipality - Acting Director Technical Services	-	281 276
Pison Hawila Constuction - G Scheepers (Employee) - Bergrivier Municipality, R Swarts (Councillor) - Bergrivier Municipality	49 260	-
RDB Building and Construction - R Basson - Director - Cederberg Municipality	522 324	-
Euraf Agencies CC - Mrs R Fourie - Employee - Department of Health	6 090	1 090
Bubbles Household Chemicals - Miss C Pieters - Employee - City of Cape Town	-	38 062
Indecon Instrumentation - Mrs L Barnard - Teacher - Schoonspruit Secondary School	382 700	160 330
Dinah Traders - Mr N Hendricks - Employee - Western Cape Department of Education	2 666 128	3 356 962
	14 720 474	7 868 855

40. Reticulation Losses

Water

Kilolitres purchased - after purification
Kilolitres sold

21 779 427 20 239 132
(19 590 033) (18 525 287)

Reticulation loss

2 189 394 1 713 845

Percentage

10.05% 8.47%

The norm for water losses is 10%. The losses occurred due to burst pipes and leaks from the reservoirs to the consumers.

Electricity

No electricity losses were incurred.



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

41. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance. Please refer to appendix A for more detailed disclosures.

Net surplus per the statement of financial performance

Adjusted for :	41 635 277	8 134 864
Accounts exceeding budget	-	-
Resort income	(1 217 489)	(1 309 139)
Investment revenue	(9 659 737)	(442 614)
Service concession revenue	(12 725 442)	-
Interest on debtors	-	36 343
Bulk purchases	18 564 044	22 612 171
Licences and permits	(94 693)	(114 689)
Transfers recognised - operational	(3 522 676)	-
Accounts not exceeding budget	-	-
Employee costs	(3 110 551)	(3 428 245)
Transfers recognised - capital	4 810 620	3 962 257
Transfers and subsidies	(1 061 002)	(539 300)
Agency service	8 631 028	5 560 847
Service concession revenue	-	13 466 199
Interest on debtors	71 511	-
Finance charges	(1 209 641)	(903 137)
Debt impairment	(970 779)	285 196
Depreciation and asset impairment	(1 117 120)	(540 744)
Other expenditure	(14 121 434)	(31 130 941)
Other materials	(55 851 311)	(48 822 673)
Other own revenue	27 979 791	27 115 897
	(2 969 604)	(6 057 708)

42. Road agency services

Revenue recognised	249 518 472	230 059 653
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43. Actuarial gains recognised - employee benefits and roads receivable

Roads receivable and Employee benefits - Refer to note 15	10 613 558	1 186 147
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44. Finance income

Short-term investments	17 413 180	9 311 443
Primary bank account	7 123 844	4 549 954
Water service concession	64 714	323 218
	24 601 738	14 184 615

45. Allowance for impairment

Other receivables from exchange transactions	-	-
Trade receivables from exchange transactions - Refer to note 5	999 221	2 255 196
	999 221	2 255 196

46. Repairs and maintenance

In accordance with GRAP 17 paragraph 88 and 89 the municipality shall separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the financial statements. Below are repairs and maintenance per asset class and nature :

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand 2023 2022

46. Repairs and maintenance (continued)

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Investment property	Total - 30 June 2023
Water reticulation	-	3 689 318	-	-	3 689 318
Buildings	1 781 929	-	-	593 683	2 375 612
Computer equipment	-	-	71 312	-	71 312
Furniture and office equipment	-	-	2 698	-	2 698
Machinery and equipment	-	-	12 459 459	-	12 459 459
Transport assets	-	-	1 502 870	-	1 502 870
	1 781 929	3 689 318	14 036 339	593 683	20 101 269

The repairs and maintenance expenses for the year amounts to R138 451 143, R118 349 874 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R20 101 269 pertains to repair cost incurred to the municipal assets as depicted in the note above.

Repairs and maintenance per asset class	Buildings	Infrastructure	Other	Investment property	Total - 30 June 2022
Water reticulation	-	3 770 104	-	-	3 770 104
Buildings	2 073 358	-	-	41 502	2 114 860
Computer equipment	-	-	53 003	-	53 003
Furniture and office equipment	-	-	2 927	-	2 927
Machinery and equipment	-	-	16 506 908	-	16 506 908
Transport assets	-	-	1 368 683	-	1 368 683
	2 073 358	3 770 104	17 931 521	41 502	23 816 485

The repairs and maintenance expense for the year amounts to R133 545 937, R109 729 452 of the amount pertains to the cost of repairs incurred on the provincial roads in terms of a signed agreement between the Department of Transport and Public works on an agency basis. The remaining R23 816 485 pertains to repair cost incurred to the municipal assets as depicted in the note above.

47. Materials and supplies

Materials	67 625 438	72 809 949
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48. Fees earned

Environmental health certificates and trading	341 693	264 139
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49. Transfers and subsidies

Farmer support houses	(78 770)	28 500
Local municipal support	2 173 070	884 673
	2 094 300	913 173



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand	2023	2022
-----------------	------	------

50. Distribution

Balance at the beginning of the year	23 471 360	34 194 571
Contribution for the year - Refer to note 18	(277 179)	20 409 879
Payment to local municipalities	(23 471 360)	(34 194 571)
VAT Payable to / (Receivable from) local municipalities	(41 577)	3 061 481
	(318 756)	23 471 360

West Coast District Municipality (operator) is operating a water concession on behalf of the following B (local) municipalities (grantor), namely Saldanha Bay, Swartland and Bergriver. The current water concession agreement will be terminated at 30 June 2023. The stakeholders (operator and grantor) are however busy with a Section 78 process in terms of the Local Government : Municipal System Act, 2000 (Act 32 of 2000) to decide on the future service delivery mechanism.

West Coast District Municipality as the operator of the water concession is responsible for the day to day operations of the bulk water purification works, including the maintaining of the water network. The relevant local municipalities (grantor) are responsible for capital replacement and upgrading. The only change facilitated during the financial year was the tariff structure. Cashflows are limited to the sale of water that are based on the tariff charged in terms of the agreement. Future cashflows is dependent on the Section 78 process and future agreements.

Distribution provision	-	23 471 360
Distribution receivable	(318 756)	-
	(318 756)	23 471 360

51. Change in accounting estimate

The following change in estimate amounting to R469 463 (2022: R478 611) was made to depreciation of assets with zero book values but still in use reported in the financial statements of the municipality and is applied prospectively. The effect on future periods are not disclosed because it is impracticable. Refer to Appendix B for detailed disclosure.

Depreciation adjustment to assets	469 463	478 611
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52. Asset receivable - local municipalities

Current portion of the asset receivable - local municipalities	-	1 500 000
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The asset receivable relates to the water service concession arrangement. Refer to note 14 for the liability disclosure.

53. Other receivables from non-exchange transactions

Fire services - Cederberg and Matzikama Local Municipalities	5 163 917	6 483 430
Deposits - ESKOM	336 432	319 420
	5 500 349	6 802 850



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

54. Segment information

General information

Identification of segments

Reports to management are on the basis of three major functional areas: public safety, environmental health and sports and recreation - Ganzekraal. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Some segments were aggregated for reporting purposes. Non-reportable segments includes water, roads and administrative functions.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

Segments like fire services and disaster management were aggregated to public safety on the basis of services delivered as management considered that the economic characteristics of the segments were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Public Safety
Segment 2	Environmental Health
Segment 3	Sport and Recreation (Ganzekraal)



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Public Safety	Environmental Health	Sports and Recreation (Ganze kraal)	Non-reportable Segments	Total
Revenue					
Revenue from non-exchange transactions	12 404 799	13 455 014	-	102 870 976	128 730 789
Revenue from exchange transactions	1 254 131	328 064	4 745 549	393 155 749	399 483 493
Interest revenue	-	-	-	24 601 738	24 601 738
Total segment revenue	13 658 930	13 783 078	4 745 549	520 628 463	552 816 020
Total revenue					552 816 020

Expenditure

Salaries and wages	37 226 025	25 345 708	3 879 183	160 029 542	226 480 458
Depreciation and amortisation	4 088 928	310 466	254 597	5 466 891	10 120 882
Goods and services	6 686 254	3 862 298	3 530 396	260 435 741	274 514 689
Interest expense	-	-	-	64 714	64 714
Total segment expenditure	48 001 207	29 518 472	7 664 176	425 996 888	511 180 743
Total segmental surplus/(deficit)	(34 342 277)	(15 735 394)	(2 918 627)	94 631 575	41 635 277

Assets

Segment assets	37 480 442	2 873 607	6 571 709	59 454 802	106 380 560
Total assets as per Statement of financial Position					106 380 560

Other information

Capital expenditure	4 513 288	232 221	1 180 055	13 547 754	19 473 318
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AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

54. Segment information (continued)

2022

	Public Safety	Environmental Health	Sports and Recreation - Ganzekraal	Non-reportable Segments	Total
Revenue					
Revenue from non-exchange transactions	16 477 840	12 687 157	-	85 736 310	114 901 307
Revenue from exchange transactions	1 355 356	264 139	4 638 510	347 302 444	353 560 449
Interest revenue	-	-	-	14 184 615	14 184 615
Total segment revenue	17 833 196	12 951 296	4 638 510	447 223 369	482 646 371
Total revenue					482 646 371
Expenditure					
Salaries and wages	36 688 322	24 642 063	3 976 431	148 454 711	213 761 527
Depreciation and amortisation	4 465 980	290 945	205 643	3 611 357	8 573 925
Goods and services	6 788 916	3 369 439	2 517 596	239 176 886	251 852 837
Interest expense	-	-	-	323 218	323 218
Total segment expenditure	47 943 218	28 302 447	6 699 670	391 566 172	474 511 507
Total segmental surplus/(deficit)	(30 110 022)	(15 351 151)	(2 061 160)	55 657 197	8 134 864
Assets					
Segment assets	38 001 471	2 945 216	5 649 837	50 502 267	97 098 791
Total assets as per Statement of financial Position					97 098 791
Other information					
Capital expenditure	9 359 727	575 595	366 789	6 239 259	16 541 370
Measurement of segment surplus or deficit, assets and liabilities					

West Coast District Municipality

Audited Annual Financial Statements for the year ended 30 June 2023

Notes to the Audited Annual Financial Statements

Figures in Rand

2023

2022

54. Segment information (continued)

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Information about geographical areas

The municipality's operations are in the West Coast District within the Western Cape Province.

The table below indicates the relevant geographical information after eliminating inter segmental transfers:

2023

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Whole of the district	128 730 789	419 339 682	503 516 567	99 808 851
Swartland municipal area	-	4 745 549	7 664 176	6 571 709
Total	128 730 789	424 085 231	511 180 743	106 380 560

2022

	External revenues from non-exchange transactions	External revenues from exchange transactions	Total expenditure	Non-current assets*
Whole of the district	114 901 307	363 106 554	467 811 837	91 448 954
Swartland municipal area	-	4 638 510	6 699 670	5 649 837
Total	114 901 307	367 745 064	474 511 507	97 098 791

55. Budget differences

Material differences between budget and actual amounts

Current Assets

The municipality accounts for a receivable on the roads account, which had a increasing effect on other receivables.

Non-current Assets

The capital expenditure are low due to savings and the effects of cost containment implemented by the municipality, which had a decreasing effect on property, plant and equipment.

Current Liabilities :

The operating expenditure are low due to savings and the effects of cost containment implemented by the municipality, which had a decreasing effect on trade and other payables.

Net cash from (used) operating

The operating expenditure are low due to savings and the effects of cost containment implemented by the municipality.

Net cash from (used) investing :

The capital expenditure are low due to savings and the effects of cost containment implemented on projects.

Explanatory comments for expenditure and revenue are provided in appendix A of the financial statements. The municipality did well on an overall basis comparing total amounts as per the financial statements compared to the budget.

West Coast District Municipality

Appendix A

June 2023

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2023.

	Act. Bal. Rand	Adjusted budget Rand	Variance		Explanation of Significant Variances greater than 10% versus Budget
			Rand	Var	
Revenue					
Service concession revenue	139 358 035	126 632 593	12 725 442	10,0	Increase in consumption by consumers at the municipal level. WCDM provides water in bulk to local municipalities under the water concession.
Rental of facilities and equipment	4 745 549	3 528 060	1 217 489	34,5	Increase in revenue at Ganzekraal due to an increase in the occupancy rate.
Interest received - Investments	24 601 738	14 942 001	9 659 737	64,6	Increase due to the prime rate increase in South Africa in this financial year.
Interest received - Debtors received	80 354	151 865	(71 511)	(47,1)	Decrease in the bad debt provision.
Agency services	249 518 472	258 149 500	(8 631 028)	(3,3)	Increase in permits issued by the municipality.
Licences and permits	341 693	247 000	94 693	38,3	The municipality received more fund from National and Provincial Government.
Transfers recognised - operating	37 235 597	33 712 921	3 522 676	10,4	
Transfers recognised - capital	-	4 810 620	(4 810 620)	(100,0)	Due to the difference between the Municipal Standard Chart of Accounts and the Generally Recognised Accounting Practice.
Other revenue	96 934 582	124 914 373	(27 979 791)	(22,4)	Due to the difference between the Municipal Standard Chart of Accounts and the Generally Recognised Accounting Practice.
	552 816 020	567 088 933	(14 272 913)	(2,5)	
Expenses					
Employee costs	(226 480 458)	(229 955 826)	3 475 368	(1,5)	
Remuneration of councillors	(7 593 787)	(7 228 970)	(364 817)	5,0	
Debt impairment	(999 221)	(1 970 000)	970 779	(49,3)	Decrease in the bad debt provision.
Depreciation and asset impairment	(10 120 882)	(11 238 002)	1 117 120	(9,9)	The municipality's capital expenditure was lower than expected.
Finance charges	(64 714)	(1 274 355)	1 209 641	(94,9)	Decrease in outstanding loans.
Other materials	(67 625 438)	(123 476 749)	55 851 311	(45,2)	Decrease in the expenditure for the maintenance of provincial roads, which the municipality carries out on behalf of the Department of Transport and the annual price increases on goods and services. Less expenditure due to savings and the implementation of cost containment.



West Coast District Municipality

Appendix A

June 2023

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2023.

	Act. Bal.	Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Bulk purchases	(18 564 044)	-	(18 564 044)	- Due to the difference between the Municipal Standard Chart of Accounts and the Generally Recognised Accounting Practice.
Transfers and subsidies	(2 094 300)	(3 155 302)	1 061 002	(33,6) Decrease in the expenditure for the maintenance of provincial roads, which the municipality carries out on behalf of the Department of Transport and the annual price increases on goods and services. Less expenditure due to savings and the implementation of cost containment.
General Expenses	(177 637 899)	(191 759 333)	14 121 434	(7,4) Decrease in the allocation for the maintenance of provincial roads, which the municipality carries out on behalf of the Department of Transport and the annual price increases on goods and services. Less expenditure due to savings and the implementation of cost containment. There are also differences between the Municipal Standard Chart of Accounts and the Generally Recognised Accounting Practice.
	(511 180 743)	(570 058 537)	58 877 794	(10,3) Less expenditure due to the reasons stated above.
Net surplus/ (deficit) for the year	41 635 277	(2 969 604)	44 604 881	(1 502,0) Surplus for the year is mainly due to the reasons stated above.

West Coast District Municipality

Appendix B

June 2023

Analysis of property, plant and equipment as at 30 June 2023 Cost/Revaluation Accumulated depreciation

	Opening Balance	Other Changes, movements	Additions	Disposals	WIP	Reclassification	Closing Balance	Opening Balance	Corrections and Transfers	Additions	Disposals	Other Changes, movements	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Land														
Land	27 776 505	-	-	-	-	-	27 776 505	-	-	-	-	-	-	27 776 505
	27 776 505	-	-	-	-	-	27 776 505	-	-	-	-	-	-	27 776 505
Infrastructure														
Electricity supply / reticulation	372 715	-	847 758	-	1 529 021	-	2 749 494	(139 239)	-	(9 232)	-	-	(148 471)	2 601 023
Mini sub stations	3 663	-	-	-	-	-	3 663	(1 527)	-	(92)	-	-	(1 619)	2 044
Pump stations	14 289	-	-	-	-	-	14 289	(6 620)	-	(357)	-	-	(6 977)	7 312
Reservoirs	3 328	-	-	-	-	-	3 328	(2 219)	-	(133)	-	-	(2 352)	976
Electric panels	44	-	-	-	-	-	44	(18)	-	(770)	-	-	(726)	(744)
Electricity perimeter protection	53 529	-	-	-	-	-	53 529	(32 658)	-	(2 141)	-	-	(34 799)	18 730
Other	1 385 208	-	-	-	1 969 176	-	3 354 385	(351 482)	-	(104 992)	-	-	(456 474)	2 897 911
	1 832 777	-	847 758	-	3 498 197	-	6 178 732	(533 763)	-	(117 717)	-	-	(651 480)	5 527 252
Buildings														
Residences (Personnel)	1 577 100	-	-	-	-	-	1 577 100	(563 405)	-	(72 496)	-	-	(635 901)	941 199
Warehouses	1 416 000	-	-	-	-	-	1 416 000	(991 085)	-	(70 770)	-	-	(1 061 855)	354 145
Community halls	8 417	-	-	-	-	-	8 417	(5 893)	-	(420)	-	-	(6 313)	2 104
Office buildings	9 619 874	-	1 141 659	-	-	-	10 761 533	(5 092 168)	-	(441 299)	-	-	(5 533 467)	5 228 066
Recreational facilities	17 081	-	-	-	-	-	17 081	(3 718)	-	(569)	-	-	(4 287)	12 794
Clinics / Ambulance	3 249 440	-	-	-	-	-	3 249 440	(2 112 588)	-	(162 467)	-	-	(2 272 055)	974 385
Non residential perimeter protection	591 729	-	-	-	-	-	591 729	(21 762)	-	(743)	-	-	(22 505)	569 224
Workshops / Store rooms	561 271	-	-	-	-	-	561 271	(312 126)	-	(22 451)	-	-	(334 677)	226 694
Public parking	1 004 546	-	-	-	-	-	1 004 546	(703 322)	-	(50 225)	-	-	(753 547)	250 999
Fire, safety & emergency	35 236 549	-	-	-	-	-	35 236 549	(22 417 969)	-	(1 761 771)	-	-	(24 179 760)	11 056 789
Car ports / Garage	4 086 530	-	-	-	-	-	4 086 530	(21 549)	-	(105 950)	-	-	(127 489)	3 959 031
Internal roads	253 448	-	52 100	-	-	-	253 448	(140 727)	-	(8 442)	-	-	(149 169)	104 279
Abolition / Public	-	-	-	-	-	-	52 100	-	-	(478)	-	-	(478)	51 622
	57 621 985	-	1 193 759	-	-	-	58 815 744	(32 386 332)	-	(2 698 081)	-	-	(35 084 413)	23 731 331



Analysis of property, plant and equipment as at 30 June 2023

Cost/Revaluation

Accumulated depreciation

	Opening Balance	Other Changes, movements	Additions	Disposals	WIP	Reclassification	Closing Balance	Opening Balance	Corrections and Transfers	Additions	Disposals	Other Changes, movements	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Other assets	41 479 884	-	4 434 206	(732 281)	-	-	45 181 819	(30 894 085)	-	(2 517 291)	684 257	-	(32 727 119)	12 454 700
General vehicles	1 559 238	-	854 265	(3 691)	-	-	2 409 812	(531 710)	-	(180 311)	3 661	2 851	(705 509)	1 704 303
Audiovisual equipment	16 428 641	-	1 971 424	(211 704)	-	-	18 188 361	(6 212 408)	-	(1 774 508)	203 774	86 162	(7 697 068)	10 491 303
Computer equipment	628 458	-	308 280	(895)	-	-	935 863	(164 641)	-	(121 582)	886	2 248	(283 069)	652 784
Domestic equipment	340 894	-	-	-	-	-	340 894	(78 627)	-	(67 288)	-	-	(145 915)	194 979
Electrical wire and power distribution	2 552 306	-	-	-	-	-	2 552 306	(962 357)	-	(342 439)	-	21 129	(1 283 667)	1 288 639
Emergency / rescue equipment	9 892 797	-	617 221	-	-	-	10 510 018	(5 520 252)	-	(607 064)	-	72 155	(6 055 161)	4 454 857
Fire fighting equipment	243 323	-	173 500	-	-	-	416 823	(217 051)	-	(21 451)	-	7	(231 402)	185 421
Gardening equipment	647 365	-	30 346	(12 946)	-	-	664 785	(303 981)	-	(43 331)	6 768	782	(339 762)	325 023
Kitchen appliances	1 143 216	-	182 651	(2 377)	-	-	1 323 490	(840 544)	-	(113 784)	2 118	8 164	(944 046)	379 444
Laboratory equipment	226 435	-	-	-	-	-	226 435	(179 320)	-	(15 644)	-	418	(194 546)	31 889
Medical and allied equipment	3 099 850	-	97 491	-	-	-	3 197 341	(2 332 337)	-	(380 123)	-	76 781	(2 638 679)	561 662
Pump / Plumbing	4 400 492	-	642 698	(2 370)	-	-	5 040 820	(2 494 198)	-	(353 916)	1 481	5 023	(2 841 612)	2 198 208
Radio equipment	697 272	-	93 990	-	-	-	791 262	(287 829)	-	(118 827)	-	4 216	(402 436)	388 826
Security equipment	3 538 820	-	4 081 952	(23 283)	-	-	7 597 489	(3 083 046)	-	(110 487)	22 092	12 975	(3 158 466)	4 439 023
Workshop equipment	963 289	-	125 553	-	-	-	1 088 842	(758 623)	-	(49 806)	-	7 234	(801 195)	287 647
Air conditioners	4 533 101	-	548 043	(43 352)	-	-	5 037 792	(3 702 574)	-	(170 144)	40 935	9 226	(3 822 557)	1 215 235
Office furniture	2 121 022	-	216 100	(62 281)	-	-	2 274 841	(1 396 483)	-	(144 677)	58 536	10 979	(1 471 645)	803 196
Domestic and hostel furniture	2 763 037	-	223 408	(2 523)	-	-	2 983 922	(1 700 478)	-	(188 227)	2 527	116 185	(1 769 993)	1 213 929
Other	97 259 470	-	14 601 138	(1 097 703)	-	-	110 762 905	(61 660 668)	-	(7 320 882)	1 027 035	443 668	(67 510 837)	43 252 068

Analysis of property, plant and equipment as at 30 June 2023 Cost/Revaluation Accumulated depreciation

	Opening Balance		Other Changes, movements		Additions		Disposals		WIP		Reclassification		Closing Balance		Opening Balance		Corrections and Transfers		Additions		Disposals		Other Changes, movements		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Total property plant and equipment																												
Land	27 776 505	-	-	-	-	-	-	-	-	-	-	-	27 776 505	-	27 776 505	(533 763)	-	(117 717)	-	-	-	-	-	-	(651 480)	-	27 776 505	
Infrastructure	1 832 777	-	-	-	-	-	-	-	-	-	-	-	6 178 732	-	6 178 732	(32 386 332)	-	(2 698 081)	-	-	-	-	-	-	(35 084 413)	-	5 527 252	
Buildings	57 621 985	-	-	-	-	-	-	-	-	-	-	-	58 815 744	-	58 815 744	(61 660 658)	-	(7 320 882)	-	-	-	-	-	-	(67 510 837)	-	23 731 331	
Other assets	97 259 470	-	-	-	-	-	-	-	-	-	-	-	110 762 905	-	110 762 905	(1 027 035)	-	-	-	-	-	-	-	-	(47 510 837)	-	43 252 068	
	184 490 737	-	-	-	-	-	-	-	-	-	-	-	203 533 886	-	203 533 886	(94 580 753)	-	(10 135 580)	-	-	-	-	-	-	(103 246 730)	-	100 287 156	
Intangible assets																												
Computers - software & programming and internally generated mashead	4 746 744	-	-	-	-	-	-	-	-	-	-	-	5 889 209	-	5 889 209	(3 778 803)	-	(420 454)	-	-	-	-	-	-	(4 173 462)	-	1 715 747	
	4 746 744	-	-	-	-	-	-	-	-	-	-	-	5 889 209	-	5 889 209	(3 778 803)	-	(420 454)	-	-	-	-	-	-	(4 173 462)	-	1 715 747	
Investment properties																												
Investment property	5 512 774	-	-	-	-	-	-	-	-	-	-	-	5 512 774	-	5 512 774	(1 101 907)	-	(33 210)	-	-	-	-	-	-	(1 135 117)	-	4 377 657	
	5 512 774	-	-	-	-	-	-	-	-	-	-	-	5 512 774	-	5 512 774	(1 101 907)	-	(33 210)	-	-	-	-	-	-	(1 135 117)	-	4 377 657	
Total																												
Land	27 776 505	-	-	-	-	-	-	-	-	-	-	-	27 776 505	-	27 776 505	(533 763)	-	(117 717)	-	-	-	-	-	-	(651 480)	-	27 776 505	
Infrastructure	1 832 777	-	-	-	-	-	-	-	-	-	-	-	6 178 732	-	6 178 732	(32 386 332)	-	(2 698 081)	-	-	-	-	-	-	(35 084 413)	-	5 527 252	
Buildings	57 621 985	-	-	-	-	-	-	-	-	-	-	-	58 815 744	-	58 815 744	(61 660 658)	-	(7 320 882)	-	-	-	-	-	-	(67 510 837)	-	23 731 331	
Other assets	97 259 470	-	-	-	-	-	-	-	-	-	-	-	110 762 905	-	110 762 905	(1 027 035)	-	-	-	-	-	-	-	-	(47 510 837)	-	43 252 068	
Intangible assets	4 746 744	-	-	-	-	-	-	-	-	-	-	-	5 889 209	-	5 889 209	(3 778 803)	-	(420 454)	-	-	-	-	-	-	(4 173 462)	-	1 715 747	
Investment properties	5 512 774	-	-	-	-	-	-	-	-	-	-	-	5 512 774	-	5 512 774	(1 101 907)	-	(33 210)	-	-	-	-	-	-	(1 135 117)	-	4 377 657	
	194 760 255	-	-	-	-	-	-	-	-	-	-	-	214 935 869	-	214 935 869	(99 461 463)	-	(10 590 344)	-	-	-	-	-	-	(108 555 309)	-	106 380 560	



West Coast District Municipality Appendix B

June 2023

Analysis of property, plant and equipment as at 30 June 2022 Cost/Revaluation Accumulated depreciation

	Opening Balance		Other Changes, movements		Additions		Disposals		WIP		Reclassifications		Closing Balance		Opening Balance		Corrections and Transfers		Additions		Disposals		Other Changes, movements		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Land																												
Land	27 776 505	-	-	-	-	-	-	-	-	-	-	-	27 776 505	-	-	-	-	-	-	-	-	-	-	-	-	-	27 776 505	-
	27 776 505												27 776 505														27 776 505	
Infrastructure																												
Electricity supply / reticulation	372 715	-	-	-	-	-	-	-	-	-	-	-	372 715	-	(130 025)	-	-	-	(9 214)	-	-	-	-	-	(139 239)	-	233 476	-
Mini sub stations	3 663	-	-	-	-	-	-	-	-	-	-	-	3 663	-	(1 435)	-	-	-	(92)	-	-	-	-	-	(1 527)	-	2 136	-
Pump stations	14 289	-	-	-	-	-	-	-	-	-	-	-	14 289	-	(6 263)	-	-	-	(357)	-	-	-	-	-	(6 620)	-	7 669	-
Reservoirs	3 328	-	-	-	-	-	-	-	-	-	-	-	3 328	-	(2 086)	-	-	-	(133)	-	-	-	-	-	(2 219)	-	1 109	-
Electric panels	44	-	-	-	-	-	-	-	-	-	-	-	44	-	(17)	-	-	-	(1)	-	-	-	-	-	(18)	-	26	-
Electricity perimeter protection	53 529	-	-	-	-	-	-	-	-	-	-	-	53 529	-	(30 517)	-	-	-	(2 141)	-	-	-	-	-	(32 658)	-	20 871	-
Other	1 354 694	-	-	-	-	-	-	-	-	-	-	-	2 885 208	-	(266 308)	-	-	-	(85 129)	-	-	-	-	-	(351 482)	-	2 533 726	-
	1 802 282												3 332 776		(436 651)				(97 067)						(533 763)		2 799 013	
Buildings																												
Residences (Personnel)	1 577 100	-	-	-	-	-	-	-	-	-	-	-	1 577 100	-	(509 398)	-	867	-	(54 874)	-	-	-	-	-	(563 406)	-	1 013 695	-
Warehouses	1 416 000	-	-	-	-	-	-	-	-	-	-	-	1 416 000	-	(920 315)	-	-	-	(70 770)	-	-	-	-	-	(991 085)	-	424 915	-
Community halls	8 417	-	-	-	-	-	-	-	-	-	-	-	8 417	-	(5 472)	-	-	-	(421)	-	-	-	-	-	(5 893)	-	2 524	-
Office buildings	9 275 233	-	-	-	-	-	-	-	-	-	-	-	9 619 874	-	(4 671 681)	-	-	-	(420 487)	-	-	-	-	-	(5 092 168)	-	4 527 706	-
Recreational facilities	17 081	-	-	-	-	-	-	-	-	-	-	-	17 081	-	(3 149)	-	-	-	(569)	-	-	-	-	-	(3 718)	-	13 363	-
Clinics	3 249 440	-	-	-	-	-	-	-	-	-	-	-	3 249 440	-	(1 950 122)	-	-	-	(162 466)	-	-	-	-	-	(2 112 588)	-	1 136 852	-
Non residential perimeter protection	59 592	-	-	-	-	-	-	-	-	-	-	-	59 592	-	(16 894)	-	(867)	-	(4 001)	-	-	-	-	-	(21 762)	-	593 967	-
Workshops / Store rooms	561 271	-	-	-	-	-	-	-	-	-	-	-	561 271	-	(289 675)	-	-	-	(22 451)	-	-	-	-	-	(312 126)	-	249 145	-
Public parking	1 004 546	-	-	-	-	-	-	-	-	-	-	-	1 004 546	-	(653 097)	-	-	-	(50 225)	-	-	-	-	-	(703 322)	-	301 224	-
Fire, safety & emergency	33 935 813	-	-	-	-	-	-	-	-	-	-	-	35 238 549	-	(20 710 459)	-	-	-	(1 707 530)	-	-	-	-	-	(22 417 989)	-	12 816 560	-
Car ports / Garage	28 030	-	-	-	-	-	-	-	-	-	-	-	4 086 530	-	(2 623)	-	-	-	(18 926)	-	-	-	-	-	(21 549)	-	4 064 981	-
Internal roads	253 448	-	-	-	-	-	-	-	-	-	-	-	253 448	-	(132 285)	-	-	-	(8 442)	-	-	-	-	-	(140 727)	-	112 721	-
	51 395 971												57 621 985		(29 865 170)				(2 521 162)						(32 386 332)		25 235 653	

Analysis of property, plant and equipment as at 30 June 2022 Cost/Revaluation Accumulated depreciation

	Opening Balance		Other Changes, movements		Additions		Disposals		WIP		Reclassifications		Closing Balance		Opening Balance		Corrections and Transfers		Additions		Disposals		Other Changes, movements		Closing Balance		Carrying Value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Other assets																												
General vehicles	42 160 831		-		1 388 477		(2 069 414)		-		-		41 479 894		(30 667 927)		-		(2 144 569)		1 862 474		56 037		(30 894 086)		10 586 809	
Audio/visual equipment	780 433		-		807 291		(28 486)		-		-		1 559 238		(485 738)		-		(63 316)		33 108		4 236		(531 710)		1 027 528	
Computer equipment	13 759 674		-		2 743 525		(74 568)		-		-		16 428 641		(5 150 454)		-		(1 287 935)		151 364		74 539		(6 212 486)		10 216 155	
Domestic equipment	382 013		-		252 245		(5 800)		-		-		628 458		(80 602)		-		(91 805)		5 780		1 786		(164 641)		463 817	
Electrical wire and power distribution	309 134		-		31 760		-		-		-		340 894		(17 568)		-		(61 074)		-		15		(78 827)		262 867	
Emergency / Rescue equipment	1 138 976		-		1 413 330		-		-		-		2 552 306		(915 666)		-		(81 054)		19 300		15 073		(962 357)		1 589 949	
Fire fighting equipment	9 255 942		-		636 855		-		-		-		9 892 797		(5 012 046)		-		(609 680)		-		101 474		(5 520 253)		4 372 545	
Gardening appliances	285 789		-		13 728		(36 194)		-		-		243 323		(236 996)		-		(16 969)		36 110		764		(217 691)		26 232	
Kitchen appliances	631 414		-		95 799		(79 828)		-		-		647 385		(320 334)		-		(41 037)		56 956		434		(363 861)		343 404	
Laboratory equipment	1 170 529		-		14 878		(42 191)		-		-		1 143 216		(763 285)		-		(121 157)		41 878		2 022		(840 544)		302 672	
Medical and allied equipment	226 435		-		-		-		-		-		226 435		(163 284)		-		(16 063)		-		27		(179 320)		47 115	
Pump / Plumbing	2 963 908		-		145 349		(9 407)		-		-		3 099 850		(2 054 763)		-		(433 155)		5 205		150 386		(2 332 337)		767 513	
Radio equipment	3 819 626		-		592 188		(11 322)		-		-		4 400 492		(2 236 852)		-		(318 196)		9 260		51 590		(2 494 198)		1 906 294	
Security equipment	396 185		-		301 087		-		-		-		697 272		(199 794)		-		(94 066)		-		6 035		(287 825)		409 447	
Workshop equipment	3 324 462		-		250 718		(36 360)		-		-		3 538 820		(3 053 663)		-		(84 651)		37 243		18 025		(3 083 046)		455 774	
Air conditioners	961 078		-		29 573		(27 362)		-		-		963 289		(742 621)		-		(45 293)		27 124		2 167		(758 823)		204 666	
Office furniture	4 232 620		-		371 653		(131 172)		-		-		4 533 101		(3 776 145)		-		(113 088)		176 225		10 434		(3 702 574)		830 527	
Domestic and hostel furniture	1 942 374		-		226 383		(47 735)		-		-		2 121 022		(1 286 207)		-		(138 005)		39 217		(11 488)		(1 396 483)		724 529	
Other	2 323 656		-		620 527		(183 320)		-		-		2 763 037		(1 449 369)		-		(266 962)		22 136		(6 283)		(1 700 476)		1 062 569	
	90 105 279		1 974		9 935 366		(2 783 149)		-		-		97 259 470		(58 613 334)		-		(6 047 985)		2 523 378		477 283		(61 660 558)		35 598 812	

Analysis of property, plant and equipment as at 30 June 2022

Cost/Revaluation

Accumulated depreciation

	Opening Balance		Other Changes, movements		Additions		Disposals		Reclassifications		Closing Balance		Opening Balance		Corrections and Transfers		Additions		Disposals		Other Changes, movements		Closing Balance		Carrying value	
	Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand		Rand	
Total property plant and equipment																										
Land	27 776 505	-	-	-	-	-	-	-	-	-	27 776 505	-	27 776 505	-	-	-	-	-	-	-	-	-	-	-	27 776 505	-
Infrastructure	1 802 262	-	-	30 515	-	1 499 999	-	-	-	-	3 332 776	-	(436 651)	-	-	-	(97 067)	-	-	-	-	-	(533 763)	-	2 799 013	-
Buildings	51 395 971	-	-	6 226 014	-	-	-	-	-	-	57 621 985	-	(29 865 170)	-	-	-	(2 521 162)	-	-	-	-	-	(32 386 332)	-	25 235 653	-
Other assets	90 105 279	1 974	-	9 935 366	(2 783 149)	-	-	-	-	-	97 259 470	-	(58 613 334)	-	-	-	(6 047 985)	-	2 523 378	-	477 283	-	(61 660 658)	-	35 598 812	-
	171 080 017	1 974	16 191 895	(2 783 149)	1 499 999	-	185 990 736	(88 915 155)	-	(8 666 214)	2 523 378	477 283	(94 580 753)	91 409 983												
Intangible assets																										
Computers - software & programming and internally generated masthead	4 708 337	-	-	39 475	(1 068)	310 000	-	-	-	-	5 056 744	-	(3 426 948)	-	-	-	(353 113)	-	1 068	-	190	-	(3 778 803)	-	1 277 941	-
	4 708 337	-	-	39 475	(1 068)	310 000	-	-	-	-	5 056 744	-	(3 426 948)	-	-	-	(353 113)	-	1 068	-	190	-	(3 778 803)	-	1 277 941	-
Investment properties																										
Investment property	5 512 774	-	-	-	-	-	-	-	-	-	5 512 774	-	(1 068 698)	-	-	-	(33 209)	-	-	-	-	-	(1 101 907)	-	4 410 867	-
	5 512 774	-	-	-	-	-	-	-	-	-	5 512 774	-	(1 068 698)	-	-	-	(33 209)	-	-	-	-	-	(1 101 907)	-	4 410 867	-
Total																										
Land	27 776 505	-	-	-	-	-	-	-	-	-	27 776 505	-	-	-	-	-	-	-	-	-	-	-	-	-	27 776 505	-
Infrastructure	1 802 262	-	-	30 515	-	1 499 999	-	-	-	-	3 332 776	-	(436 651)	-	-	-	(97 067)	-	-	-	-	-	(533 763)	-	2 799 013	-
Buildings	51 395 971	-	-	6 226 014	-	-	-	-	-	-	57 621 985	-	(29 865 170)	-	-	-	(2 521 162)	-	-	-	-	-	(32 386 332)	-	25 235 653	-
Other assets	90 105 279	1 974	-	9 935 366	(2 783 149)	-	-	-	-	-	97 259 470	-	(58 613 334)	-	-	-	(6 047 985)	-	2 523 378	-	477 283	-	(61 660 658)	-	35 598 812	-
Intangible assets	4 708 337	-	-	39 475	(1 068)	310 000	-	-	-	-	5 056 744	-	(3 426 948)	-	-	-	(353 113)	-	1 068	-	190	-	(3 778 803)	-	1 277 941	-
Investment properties	5 512 774	-	-	-	-	-	-	-	-	-	5 512 774	-	(1 068 698)	-	-	-	(33 209)	-	-	-	-	-	(1 101 907)	-	4 410 867	-
	181 301 128	1 974	16 231 370	(2 784 217)	1 809 999	-	186 560 264	(93 410 801)	-	(9 052 536)	2 524 446	477 428	(99 461 463)	97 098 791												



West Coast District Municipality

Appendix C

June 2023

Segmental analysis of property, plant and equipment as at 30 June 2023 Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Corrections and Transfers Rand	WIP Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Corrections and Transfers Rand	Depreciation Rand	Other changes, movements Rand	Closing Balance Rand	Carrying value Rand
Municipality	25 091 377	136 847	(561 712)	-	-	-	24 666 512	(8 979 164)	512 281	-	(534 564)	9 624	(8 991 823)	15 674 689
Administration	733 012	2 082 323	-	-	-	-	2 815 335	(345 160)	-	-	(159 042)	603	(503 599)	2 311 736
Council general	263 040	175 278	-	-	-	-	438 318	(113 874)	-	-	(33 906)	200	(147 580)	290 738
Municipal manager	201 348	-	(2 435)	-	-	-	198 913	(170 710)	2 398	-	(5 744)	1 570	(172 486)	26 427
Tourism	39 528	-	(2 455)	-	-	-	37 073	(38 715)	2 452	-	(270)	67	(36 486)	607
Internal audit	250 949	-	(1 148)	-	-	-	249 801	(172 510)	1 144	-	(14 648)	1 065	(184 949)	64 852
Human resources	85 311	-	-	-	-	-	85 311	(74 180)	-	-	(1 893)	685	(75 408)	9 903
Strategic services	16 224	-	-	-	-	-	16 224	(16 046)	-	-	(47)	21	(16 072)	152
Risk management	5 224 104	232 221	(121 851)	-	-	-	5 334 474	(2 270 328)	119 929	-	(306 718)	7 488	(2 449 631)	2 884 843
Health	8 638 177	1 245 056	(42 022)	-	-	-	9 841 211	(2 985 978)	32 796	-	(240 356)	19 437	(3 174 101)	6 667 110
Ganzekraal - Public amenity	81 009 695	3 987 984	(13 715)	-	-	-	84 993 964	(49 540 516)	12 597	-	(4 039 266)	109 248	(53 457 937)	31 536 027
Disaster management - Public safety	16 745 141	515 306	(20 742)	-	-	-	17 239 705	(9 988 383)	20 370	-	(1 152 593)	27 963	(11 092 643)	6 147 062
Disaster management - Public safety	11 760 385	279 660	(8 864)	-	-	-	12 031 161	(7 182 752)	7 508	-	(721 735)	37 872	(7 859 107)	4 172 054
Finance	1 893 869	-	-	-	-	-	1 893 869	(481 029)	-	-	(39 349)	96 146	(424 232)	1 469 637
Land & buildings	34 793 272	3 562 083	(321 465)	-	3 808 197	-	41 842 097	(14 914 659)	314 264	-	(2 368 201)	150 484	(16 818 112)	25 023 985
Water	795 599	4 226 276	-	-	-	-	5 021 875	(331 050)	-	-	(166 632)	1 114	(499 682)	4 522 193
Planning and development	49 570	-	(1 294)	-	-	-	48 276	(49 635)	1 296	-	(803 193)	5 896	(46 411)	1 865
Development	7 159 674	1 022 076	-	-	-	-	8 181 750	(1 807 773)	-	-	-	-	(2 605 070)	5 576 680
Information technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	194 750 255	17 475 120	(1 097 703)	-	3 808 197	-	214 935 959	(99 461 463)	1 027 035	-	(10 590 344)	489 463	(108 555 309)	106 380 550



AUDITOR-GENERAL
SOUTH AFRICA

West Coast District Municipality

Appendix D

June 2023

Segmental Statement of Financial Performance for the year ended 30 June 2022

Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality					
1 270 907	15 580 420	(14 309 513)	Executive & Council/Mayor and Council	18 352 689	(13 502 249)
124 364 336	46 778 836	77 585 500	Finance & Admin/Finance	27 489 790	117 232 202
101 438	7 695 975	(7 594 537)	Planning and Development/Economic Development/Plan	8 068 041	(5 427 379)
12 951 297	28 302 447	(15 351 150)	Health/Clinics	29 518 473	(15 735 395)
1 902	2 713 477	(2 711 575)	Comm. & Social/Libraries and archives	3 725 610	(3 670 998)
3 020 784	2 075 351	945 433	Housing	2 323 313	807 016
17 831 294	45 229 741	(27 398 447)	Public Safety/Police	48 001 207	(34 342 277)
4 614 255	6 699 669	(2 085 414)	Sport and Recreation	7 664 176	(2 918 627)
212 177 969	212 177 969	-	Road Transport/Roads	232 413 117	-
106 312 189	107 257 622	(945 433)	Water/Water Distribution	133 624 327	(807 016)
482 646 371	474 511 507	8 134 864		511 180 743	41 635 277

Schedule of external loans as at 30 June 2023

Loan Number	Redeemable	Balance at 30 June 2022	Interest paid less interest not paid during the period	Redeemed written off during the period	Balance at 30 June 2023	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
1	31/12/2022	1 500 000	-	1 500 000	-	-	-
		1 500 000	-	1 500 000	-	-	-

External loans

DBSA

West Coast District Municipality

Appendix E(2)

June 2023

Budget Analysis of Capital Expenditure as at 30 June 2023

	Additions		Revised Budget		Variance		Explanation of significant variances from budget
	Rand		Rand		Rand	%	
Municipality							
Executive & Council/Mayor and Council	2 257 602		2 664 620		407 018	15	Less expenditure due to savings and the implementation of cost containment on projects..
Finance & Admin/Finance	1 438 584		3 098 700		1 660 116	54	Less expenditure due to savings and the implementation of cost containment on projects.
Planning and Development/Economic Development/Plan Health	3 757 099		5 130 784		1 373 685	27	Less expenditure due to savings and the implementation of cost containment on projects.
	232 221		1 100 000		867 779	79	Less expenditure due to savings and the implementation of cost containment on projects.
Disaster Management	515 305		574 000		58 695	10	Less expenditure due to savings and the implementation of cost containment on projects.
Public Safety	3 997 983		4 570 261		572 278	13	Less expenditure due to savings and the implementation of cost containment on projects.
Sport and Recreation	1 245 056		2 991 300		1 746 244	58	Less expenditure due to savings and the implementation of cost containment on projects.
Landfill	469 177		753 454		284 277	38	Less expenditure due to savings and the implementation of cost containment on projects.
Water/Water Distribution	5 560 291		6 763 194		1 202 903	18	Less expenditure due to savings and the implementation of cost containment on projects.
	19 473 318		27 646 313		8 172 995	30	



West Coast District Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2023

Name of Grants	Quarterly Receipts					Quarterly Expenditure					Did you comply with the grant conditions in terms of the framework in the late Division of Revenue Act?
	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	
EPWP Grant	-	299 000	538 000	357 000	-	540 922	365 342	395 283	283 963	150 409	Yes
FMG Grant	-	1 000 000	-	-	-	545 288	89 622	167 995	98 533	643 850	Yes
Rural Roads management	-	1 894 000	-	813 000	-	731 833	194 256	726 895	461 599	1 323 898	Yes
Working for Water	676 158	-	-	419 330	205 083	105 691	-	150 204	328 707	145 500	Yes
CDW Grant	-	-	75 000	-	-	71 999	-	-	6 825	83 018	Yes
Co-ordination and Model	-	-	-	-	200 000	-	-	-	-	-	Yes
Provincial : LG Internship	250 000	-	-	100 000	-	96 567	-	-	-	223 833	Yes
Provincia Government	200 000	-	-	-	-	-	-	-	-	200 000	Yes
-I Employment support	1 820 000	-	-	-	1 000 000	-	-	-	-	1 820 000	Yes
Provincial Government - Joint	-	-	-	-	-	-	-	-	-	-	Yes
District Metro Approach	-	821 000	-	-	-	-	-	-	-	-	Yes
Fire services	-	-	-	-	-	-	-	-	-	-	Yes
Road Infrastructure	-	-	-	-	1 900 000	-	-	-	-	1 900 000	Yes
WSOA	2 323 000	-	1 500 000	-	-	471 312	143 787	223 539	1 564 132	1 098 985	Yes
Provincial Government - Financial	500 000	-	-	-	200 000	-	-	-	-	-	Yes
Management											Yes
	5 769 158	4 014 000	2 113 000	1 689 330	3 505 083	2 563 612	793 007	1 663 916	2 743 759	7 589 493	

Unaudited schedule: Appendix G

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2022/2023							2021/2022							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue - Standard															
Governance and administration															
Executive and council	132 504	9 879	142 383	-	-	142 383	149 572	-	7 189	105,05	112,88	-	-	-	125 635
Budget and treasury office	1 500	4 797	6 297	-	-	6 297	4 850	-	(1 447)	77,03	323,36	-	-	-	1 271
Corporate services	131 004	5 082	136 086	-	-	136 086	144 712	-	8 626	106,34	110,46	-	-	-	124 331
Community and public safety	-	-	-	-	-	-	10	-	10	-	-	-	-	-	33
Community and social services	36 491	(13)	36 478	-	-	36 478	35 372	-	(1 106)	96,97	96,93	-	-	-	38 420
Sport and recreation	-	41	41	-	-	41	55	-	14	-	-	-	-	-	2
Public safety	4 187	-	4 187	-	-	4 187	4 746	-	559	113,35	113,35	-	-	-	4 614
Housing	18 428	-	18 428	-	-	18 428	13 659	-	(4 770)	74,12	74,12	-	-	-	17 831
Health	-	-	-	-	-	-	3 130	-	3 130	-	-	-	-	-	3 021
Economic and environmental services	13 876	(54)	13 822	-	-	13 822	13 783	-	(39)	99,72	99,33	-	-	-	12 951
Planning and development	171 286	92 011	263 297	-	-	263 297	235 054	-	(28 243)	89,27	137,23	-	-	-	212 279
Road transport	75	3 230	3 305	-	-	3 305	2 641	-	(665)	79,89	3 520,88	-	-	-	101
Environmental protection	171 211	88 781	259 992	-	-	259 992	232 413	-	(27 578)	89,39	135,75	-	-	-	212 178
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	124 931	-	124 931	-	-	124 931	132 817	-	7 887	106,31	106,31	-	-	-	106 312
Water	124 931	-	124 931	-	-	124 931	132 817	-	7 887	106,31	106,31	-	-	-	106 312
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	465 211	101 878	567 089	-	-	567 089	552 816	-	(14 273)	97,48	118,83	-	-	-	(0)
Expenditure - Standard															
Governance and administration															
Executive and council	68 956	8 048	77 004	-	-	77 004	43 208	-	(33 796)	56,11	62,66	-	-	-	59 564
Budget and treasury office	15 568	2 920	18 488	-	-	18 488	15 718	-	(2 770)	85,02	100,96	-	-	-	12 785
Corporate services	51 102	5 128	56 230	-	-	56 230	19 422	-	(36 808)	34,54	38,01	-	-	-	39 540
Community and public safety	2 286	-	2 286	-	-	2 286	8 068	-	5 782	352,91	352,91	-	-	-	7 239
Community and social services	92 852	1 682	94 534	-	-	94 534	91 233	-	(3 302)	96,51	98,26	-	-	-	85 021
Sport and recreation	3 598	41	3 639	-	-	3 639	3 726	-	87	102,38	103,55	-	-	-	2 713
Public safety	7 517	1 445	8 962	-	-	8 962	7 664	-	(1 298)	85,52	101,96	-	-	-	6 700
Housing	49 906	250	50 156	-	-	50 156	48 001	-	(2 155)	95,70	96,18	-	-	-	45 230
Health	-	-	-	-	-	-	2 323	-	2 323	-	-	-	-	-	2 075
Economic and environmental services	31 831	(54)	31 777	-	-	31 777	29 518	-	(2 259)	92,89	92,73	-	-	-	28 302
Planning and development	180 585	90 035	270 621	-	-	270 621	240 463	-	(30 158)	88,86	133,16	-	-	-	219 874
Road transport	9 375	1 254	10 629	-	-	10 629	8 049	-	(2 580)	75,73	85,86	-	-	-	7 696
Environmental protection	171 211	88 781	259 992	-	-	259 992	232 413	-	(27 578)	89,39	135,75	-	-	-	212 178
Trading services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	124 840	(61)	124 779	-	-	124 779	133 643	-	8 864	107,10	107,05	-	-	-	107 258
Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	124 836	(81)	124 755	-	-	124 755	133 624	-	8 869	107,11	107,04	-	-	-	107 258
Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	4	20	24	-	-	24	19	-	(6)	76,87	445,75	-	-	-	-
Total Expenditure - Standard	3 120	-	3 120	-	-	3 120	2 635	-	(486)	84,44	84,44	-	-	-	2 796
Surplus/(Deficit) for the year	470 354	99 704	570 059	-	-	570 059	511 181	-	(58 878)	89,67	108,68	-	-	-	474 512
	(5 143)	2 173	(2 970)	-	-	(2 970)	41 635	-	44 605			-	-	-	8 135

Unaudited schedule: Appendix G

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2022/2023							2021/2022							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
R thousand	Revenue by Vote														
	Vote 1 - EXECUTIVE AND COUNCIL	1 784	6 178	7 961	-	-	7 961	6 057	-	(1 904)	76,08	339,58	-	-	2 003
	Vote 2 - FINANCE	129 869	4 632	134 501	-	-	134 501	146 853	-	12 352	109,18	113,08	-	-	126 555
	Vote 3 - ADMINISTRATION	32 413	(13)	32 399	-	-	32 399	27 507	-	(4 893)	84,90	84,86	-	-	30 817
	Vote 4 - TECHNICAL	132 643	2 300	134 943	-	-	134 943	142 693	-	7 750	105,74	107,58	-	-	113 679
	Vote 5 - AGENCIES	168 504	88 781	257 285	-	-	257 285	229 706	-	(27 578)	89,28	136,32	-	-	209 592
	Vote 6 - [NAME OF VOTE 6]														
	Vote 7 - [NAME OF VOTE 7]														
	Vote 8 - [NAME OF VOTE 8]														
	Vote 9 - [NAME OF VOTE 9]														
	Vote 10 - [NAME OF VOTE 10]														
	Vote 11 - [NAME OF VOTE 11]														
	Vote 12 - [NAME OF VOTE 12]														
	Vote 13 - [NAME OF VOTE 13]														
	Vote 14 - [NAME OF VOTE 14]														
Vote 15 - [NAME OF VOTE 15]															
Total Revenue by Vote		465 211	101 878	567 089	-	-	567 089	552 816	-	(14 273)	97,48	118,83	-	-	482 646
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL		34 596	5 938	40 534	-	-	40 534	32 143	-	(8 392)	79,30	92,91	-	-	31 043
Vote 2 - FINANCE		37 269	3 990	41 259	-	-	41 259	25 029	-	(16 230)	60,66	67,16	-	-	39 486
Vote 3 - ADMINISTRATION		93 348	237	93 585	-	-	93 585	89 313	-	(4 272)	95,44	95,68	-	-	83 485
Vote 4 - TECHNICAL		136 638	758	137 396	-	-	137 396	134 990	-	(2 407)	98,25	98,79	-	-	110 906
Vote 5 - AGENCIES		168 504	88 781	257 285	-	-	257 285	229 706	-	(27 578)	89,28	136,32	-	-	209 592
Vote 6 - [NAME OF VOTE 6]															
Vote 7 - [NAME OF VOTE 7]															
Vote 8 - [NAME OF VOTE 8]															
Vote 9 - [NAME OF VOTE 9]															
Vote 10 - [NAME OF VOTE 10]															
Vote 11 - [NAME OF VOTE 11]															
Vote 12 - [NAME OF VOTE 12]															
Vote 13 - [NAME OF VOTE 13]															
Vote 14 - [NAME OF VOTE 14]															
Vote 15 - [NAME OF VOTE 15]															
Total Expenditure by Vote		470 354	99 704	570 059	-	-	570 059	511 181	-	(58 878)	89,57	108,68	-	-	474 512
Surplus/Deficit for the year		(5 143)	2 173	(2 970)	-	-	(2 970)	41 635	-	44 605	0	0	-	-	8 135

Unaudited schedule: Appendix G

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2022/2023							2021/2022							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Revenue By Source															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service concession - electricity revenue	1 419	-	1 419	-	-	1 419	1 254	-	(166)	88,33	88,33	-	-	-	1 223
Service concession - water revenue	125 019	-	125 019	-	-	125 019	137 919	-	12 899	110,32	110,32	-	-	-	111 430
Service concession - sanitation revenue	113	-	113	-	-	113	108	-	(4)	96,13	96,13	-	-	-	106
Service concession - refuse revenue	81	-	81	-	-	81	78	-	(4)	95,13	95,13	-	-	-	76
Service concession - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	3 528	-	3 528	-	-	3 528	4 746	-	1 217	134,51	134,51	-	-	-	4 639
Interest earned - external investments	14 942	-	14 942	-	-	14 942	24 602	-	9 660	164,65	164,65	-	-	-	14 185
Interest earned - outstanding debtors	152	-	152	-	-	152	80	-	(72)	52,91	52,91	-	-	-	73
Actual gains recognised Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	247	-	247	-	-	-	342	-	95	138,34	138,34	-	-	-	264
Agency services	169 423	88 727	258 150	-	-	258 150	249 518	-	(8 631)	96,66	147,28	-	-	-	230 060
Transfers recognised - operational	30 193	3 520	33 713	-	-	33 713	37 236	-	3 523	110,45	123,33	-	-	-	28 334
Other revenue	119 882	5 032	124 914	-	-	124 914	96 935	-	(27 980)	77,60	80,86	-	-	-	92 257
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	464 999	97 279	562 278	-	-	562 278	552 816	-	(9 462)	98,32	118,89	-	-	-	482 646
Expenditure By Type															
Employee related costs	231 551	(1 596)	229 955	-	-	229 955	226 480	-	(3 475)	98,49	97,81	-	-	-	213 762
Remuneration of councillors	7 229	-	7 229	-	-	7 229	7 594	-	365	105,05	105,05	-	-	-	7 568
Debt impairment	1 970	-	1 970	-	-	1 970	999	-	(971)	50,72	50,72	-	-	-	2 255
Depreciation & asset impairment	11 238	-	11 238	-	-	11 238	10 121	-	(1 117)	90,06	90,06	-	-	-	8 574
Finance charges	1 090	184	1 274	-	-	1 274	65	-	(1 210)	5,08	5,94	-	-	-	323
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	78 861	44 616	123 477	-	-	123 477	86 189	-	(37 287)	69,80	109,29	-	-	-	12 414
Contracted services	38 721	45 131	83 852	-	-	83 852	72 631	-	(11 221)	86,62	187,57	-	-	-	83 008
Transfers and grants	1 468	1 698	3 155	-	-	3 155	2 094	-	(1 061)	66,37	143,67	-	-	-	49 653
Other expenditure	96 518	9 672	106 190	-	-	106 190	104 942	-	(1 248)	98,82	108,73	-	-	-	96 041
Loss on disposal of PPE	1 717	-	1 717	-	-	1 717	65	-	(1 652)	3,79	3,79	-	-	-	-
Total Expenditure	470 354	99 704	570 059	-	-	570 059	511 181	-	(58 878)	89,67	108,68	-	-	-	474 512
Surplus/(Deficit)	(5 355)	(2 425)	(7 780)	-	-	(7 780)	41 635	-	49 416	(535,14)	(777,46)	-	-	-	8 135
Transfers recognised - capital	213	4 598	4 811	-	-	4 811	-	-	(4 811)	-	-	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(5 143)	2 173	(2 970)	-	-	(2 970)	41 635	-	44 605	(1 402,05)	(809,59)	-	-	-	8 135
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	(5 143)	2 173	(2 970)	-	-	(2 970)	41 635	-	44 605	(1 402,05)	(809,59)	-	-	-	8 135
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	(5 143)	2 173	(2 970)	-	-	(2 970)	41 635	-	44 605	(1 402,05)	(809,59)	-	-	-	8 135
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(5 143)	2 173	(2 970)	-	-	(2 970)	41 635	-	44 605	(1 402,05)	(809,59)	-	-	-	8 135

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2022/2023						2021/2022								
	Original Budget	Budget Adjustments (1 to 31 of the MfMA)	Final adjustments budget	Shifting of funds (1 to 31 of the MfMA)	Virement (1 to 31 of the approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Related Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Capital expenditure - Vote															
Multi-year expenditure															
Vote 1 - EXECUTIVE AND COUNCIL	100	1 905	2 005	-	-	2 005	1 272	-	(733)	63,46	1 272,38	-	-	-	554
Vote 2 - FINANCE	2 450	951	3 441	-	-	3 441	1 593	-	(1 859)	45,99	45,99	-	-	-	1 901
Vote 3 - ADMINISTRATION	4 665	(33)	4 652	-	-	4 652	4 274	-	(378)	91,87	91,22	-	-	-	9 199
Vote 4 - TECHNICAL	5 040	7 119	12 159	-	-	12 159	10 037	-	(2 122)	82,55	199,16	-	-	-	2 887
Vote 5 - AGENCIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - (NAME OF VOTE 6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - (NAME OF VOTE 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - (NAME OF VOTE 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - (NAME OF VOTE 9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - (NAME OF VOTE 10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - (NAME OF VOTE 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - (NAME OF VOTE 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - (NAME OF VOTE 13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - (NAME OF VOTE 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - (NAME OF VOTE 15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	12 275	9 862	22 237	-	-	22 237	17 166	-	(5 071)	0	2	-	-	-	14 631
Single-year expenditure															
Vote 1 - EXECUTIVE AND COUNCIL	388	272	660	-	-	660	244	-	(416)	36,99	62,96	-	-	-	204
Vote 2 - FINANCE	575	1 909	2 484	-	-	2 484	1 161	-	(1 323)	46,73	201,85	-	-	-	316
Vote 3 - ADMINISTRATION	490	1 267	1 757	-	-	1 757	560	-	(1 197)	31,86	114,26	-	-	-	1 031
Vote 4 - TECHNICAL	495	(7)	488	-	-	488	343	-	(146)	70,17	69,23	-	-	-	361
Vote 5 - AGENCIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - (NAME OF VOTE 6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - (NAME OF VOTE 7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - (NAME OF VOTE 8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - (NAME OF VOTE 9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - (NAME OF VOTE 10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - (NAME OF VOTE 11)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - (NAME OF VOTE 12)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - (NAME OF VOTE 13)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - (NAME OF VOTE 14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - (NAME OF VOTE 15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	1 948	3 442	5 390	-	-	5 390	2 307	-	(3 083)	42,81	118,47	-	-	-	1 911
Total Capital Expenditure - Vote	14 223	13 424	27 646	-	-	27 646	19 473	-	(8 173)	70,44	138,92	-	-	-	16 541
Capital Expenditure - Standard															
Governance and administration	3 358	2 816	6 174	-	-	6 174	3 387	-	(2 807)	54,54	100,28	-	-	-	8 737
Executive and council	488	1 877	2 365	-	-	2 365	1 719	-	(646)	72,69	352,60	-	-	-	681
Budget and treasury office	2 870	939	3 809	-	-	3 809	1 648	-	(2 161)	43,27	57,42	-	-	-	8 057
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	5 330	3 495	8 825	-	-	8 825	5 728	-	(3 097)	64,88	107,43	-	-	-	4 460
Community and social services	494	-	494	-	-	494	546	-	52	110,47	110,47	-	-	-	487
Sport and recreation	1 100	1 891	2 991	-	-	2 991	1 245	-	(1 746)	41,62	113,19	-	-	-	367
Public safety	2 995	1 444	4 440	-	-	4 440	3 760	-	(680)	84,68	125,49	-	-	-	3 418
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	740	180	920	-	-	920	176	-	(724)	19,54	23,77	-	-	-	208
Economic and environmental services	275	4 856	5 131	-	-	5 131	3 619	-	(1 512)	70,54	1 316,10	-	-	-	241
Planning and development	275	4 856	5 131	-	-	5 131	3 619	-	(1 512)	70,54	1 316,10	-	-	-	241
Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	5 260	2 257	7 517	-	-	7 517	6 761	-	(756)	89,95	128,53	-	-	-	3 073
Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	5 260	1 503	6 763	-	-	6 763	6 292	-	(471)	93,03	119,51	-	-	-	2 763
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	753	-	-	753	469	-	(284)	62,27	-	-	-	-	310
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
Total Capital Expenditure - Standard	14 223	13 424	27 646	-	-	27 646	19 473	-	(8 173)	70,44	138,92	-	-	-	16 541
Funded by:															
National Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government	213	4 566	4 811	-	-	4 811	-	-	(4 611)	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	213	4 566	4 811	-	-	4 811	-	-	(4 611)	-	-	-	-	-	86
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	14 010	8 858	22 838	-	-	22 838	19 473	-	(3 365)	85,28	139,00	-	-	-	16 455
Total Capital Funding	14 223	13 424	27 646	-	-	27 646	19 473	-	(8 173)	70,44	138,92	-	-	-	16 541

Unaudited schedule: Appendix G

Reconciliation of Table A7 Budgeted Cash Flows

R thousand	Description	2022/2023										2021/2022	
		Original Budget	Budget Adjustments	Final adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome			
		1	2	3	6	7	9	10	11	12			
CASH FLOW FROM OPERATING ACTIVITIES													
Receipts													
	Service concession revenue	128 133	-	128 133	128 133	139 358	11 225	108,76	108,76	112 835			
	Government - operating	30 406	-	30 406	30 406	37 236	6 830	122,46	122,46	28 684			
	Government - capital	-	-	-	-	-	-	-	-	-			
	Other revenue	293 080	93 759	386 839	386 839	357 331	(29 508)	92,37	121,92	318 681			
	Interest	15 094	-	15 094	15 094	24 602	9 508	-	-	14 185			
	Dividends	-	-	-	-	-	-	-	-	-			
Payments													
	Suppliers and employees	(444 445)	(58 555)	(503 000)	(503 000)	(521 315)	(18 315)	103,64	117,30	(453 504)			
	Finance charges	(1 090)	(150)	(1 240)	(1 240)	(65)	1 176	5,22	5,94	(323)			
	Transfers and Grants	(1 458)	(1 991)	(3 449)	(3 449)	(2 094)	1 354	60,73	143,67	(913)			
	NET CASH FROM/(USED) OPERATING ACTIVITIES	19 719	33 063	52 782	52 782	35 052	(17 730)	66,41	177,76	19 643			
CASH FLOWS FROM INVESTING ACTIVITIES													
Receipts													
	Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-			
	Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-			
	Decrease (increase) other non-current receivables	1 500	-	1 500	1 500	1 500	-	100,00	100,00	3 000			
	Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-			
Payments													
	Capital assets	(14 223)	(13 424)	(27 646)	(27 646)	(19 468)	8 179	70,42	136,88	(16 171)			
	NET CASH FROM/(USED) INVESTING ACTIVITIES	(12 723)	(13 424)	(26 146)	(26 146)	(17 968)	8 179	68,72	141,23	(13 171)			
CASH FLOWS FROM FINANCING ACTIVITIES													
Receipts													
	Short term loans	-	-	-	-	-	-	-	-	-			
	Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-			
	Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-			
Payments													
	Repayment of borrowing	(1 500)	-	(1 500)	(1 500)	(1 500)	-	100,00	100,00	(3 000)			
	Finance lease payments	-	-	-	-	-	-	-	-	-			
	NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 500)	-	(1 500)	(1 500)	(1 500)	-	-	-	(3 000)			
NET INCREASE/ (DECREASE) IN CASH HELD													
	Cash/cash equivalents at the year begin:	5 496	19 639	25 136	25 136	15 585	(9 551)	62,00	-	3 472			
	Cash/cash equivalents at the year end:	321 290	-	321 290	-	328 744	328 744	-	-	325 272			
	Cash/cash equivalents at the year end:	326 786	19 639	346 426	25 136	344 329	319 193	-	-	328 744			