

# Beaufort West

MUNICIPALITY



## ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021

# BEAUFORT WEST LOCAL MUNICIPALITY

## Index

<i>Contents</i>	<i>Page</i>
Approval of the Financial Statements	1
General Information	2
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 Amounts - Statement of Financial Position	7
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	8
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	9
Accounting Policies	10 - 51
Notes to the Financial Statements	52 - 101
<b>APPENDICES</b>	
A Schedule of External Loans	102
B Segmental Statement of Financial Performance - GFS Classifications	103
C Segmental Statement of Financial Performance - Municipal Votes	104
D Segmental Analysis of Property, Plant and Equipment - GFS Classifications	105
E Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	106
F Appropriation Statements	107 - 112

# BEAUFORT WES LOCAL MUNICIPALITY

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 112 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 have reviewed the Municipality's cash flow forecast for the year to 30 June 2022 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

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

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

  
GZ. Nyathi  
Acting Municipal Manager

09 March 2022

# BEAUFORT WES LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## GENERAL INFORMATION

### NATURE OF BUSINESS

Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution (Act no 108 of 1996).

### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

### JURISDICTION

The Beaufort West Municipality includes the following areas:

*Beaufort West*  
*Nelspoort*  
*Merweville*  
*Murraysburg*

### EXECUTIVE MAYOR

*Q.Louw*

### DEPUTY EXECUTIVE MAYOR

*L. Deyce*

### SPEAKER

*N.Constable*

### CHIEF WHIP

*A.M. Kilani*

### EXECUTIVE COUNCILLOR

*A.M Kilani*  
*Z.J.D Lambert*

### MUNICIPAL MANAGER

*Mr. J Penxa*

### CHIEF FINANCIAL OFFICER

*Ms. N. Ntsangani*

### REGISTERED OFFICE

*112 Donkin Street*  
**BEAUFORT WEST**  
*6970*

### ATTORNEYS

*Crawford Attorneys, Beaufort West*  
*Van Niekerk Attorneys, Beaufort West*

### AUDITORS

Office of the Auditor General (WC)

### PRINCIPLE BANKERS

Nedbank, Beaufort West

### RELEVANT LEGISLATION

Collective Agreements  
Division of Revenue Act  
Electricity Act (Act no 41 of 1987)  
Employment Equity Act (Act no 55 of 1998)  
Housing Act (Act no 107 of 1997)  
Infrastructure Grants  
Municipal Budget and Reporting Regulations  
Municipal Property Rates Act (Act no 6 of 2004)  
Municipal Systems Amendment Act (Act no 7 of 2011)  
Municipal Regulations on Standard Chart of Accounts  
Municipal Finance Management Act (Act no 56 of 2003)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Municipal Planning and Performance Management Regulations  
Remuneration of Public Office Bearers Act (Act no 20 of 1998)

Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
SALBC Leave Regulations  
Skills Development Levies Act (Act no 9 of 1999)  
Supply Chain Management Regulations, 2005  
The Income Tax Act  
Unemployment Insurance Act (Act no 30 of 1966)  
Value Added Tax Act  
Water Services Act (Act no 108 of 1997)

### MEMBERS OF THE BEAUFORT WES LOCAL MUNICIPALITY

WARD	COUNCILLOR	WARD	COUNCILLOR
1	D.E. Welgemoed	Proportional	L.Deyce
2	O. Haarvoor	Proportional	Q.Louw
3	L. Basson	Proportional	E. Lawrence
4	C.L de Bruin	Proportional	N. Constable
5	A.M. Kilani	Proportional	A.M. Slabbert
6	E. Wentzel	Proportional	Z.J.D. Lambert
7	J.J. vd Linde		

**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Notes	2021 R	2020 Restated R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>541,401,945</b>	<b>555,985,254</b>
Property, Plant and Equipment	2	528,358,108	541,035,581
Investment Property	3	6,605,265	6,819,245
Intangible Assets	4	257,155	422,831
Heritage Assets	5	5,225,000	5,225,000
Non-Current Receivables from Exchange Transactions	6	731,376	1,864,204
Non-Current Receivables from Non-Exchange Transactions	7	225,042	618,392
<b>Current Assets</b>		<b>87,184,943</b>	<b>81,510,202</b>
Inventory	9	3,227,586	3,190,298
Receivables from Exchange Transactions	10	20,044,738	24,639,220
Receivables from Non-exchange Transactions	11	45,974,267	40,481,836
Operating Lease Asset	8	144,083	198,911
Taxes	21.3	9,826,506	9,071,155
Current Portion of Non-Current Receivables	6&7	1,742,763	1,118,227
Cash and Cash Equivalents	12.1	6,224,999	2,810,555
<b>Total Assets</b>		<b>628,586,888</b>	<b>637,495,456</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>46,938,563</b>	<b>54,403,458</b>
Long-term Borrowings	13	5,282,085	6,784,618
Non-current Provisions	14	14,216,167	19,155,529
Non-current Employee Benefits	15	27,440,311	28,463,311
<b>Current Liabilities</b>		<b>145,523,512</b>	<b>118,051,444</b>
Consumer Deposits	16	3,458,886	1,899,055
Provisions	17	-	7,009,947
Current Employee Benefits	18	14,901,924	14,448,051
Trade and Other Payables from Exchange Transactions	19	105,366,831	64,328,757
Unspent Transfers and Subsidies	20	5,789,813	13,118,500
Cash and Cash Equivalents	12.2	14,503,525	15,366,873
Current Portion of Long-term Borrowings	13	1,502,533	1,880,261
<b>Total Liabilities</b>		<b>192,462,075</b>	<b>172,454,902</b>
<b>Net Assets</b>		<b>436,124,813</b>	<b>465,040,553</b>
Housing Development Fund	23	3,789,518	3,789,518
Self Insurance Reserve	23	314,827	314,827
Accumulated Surplus		432,020,468	460,936,208
<b>Total Net Assets and Liabilities</b>		<b>628,586,888</b>	<b>637,495,454</b>

**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 R	2020 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>194,156,250</b>	<b>192,983,190</b>
<b>Taxation Revenue</b>		<b>42,006,938</b>	<b>39,564,197</b>
Property Rates	24	42,006,938	39,564,197
<b>Transfer Revenue</b>		<b>112,328,687</b>	<b>105,794,382</b>
Government Grants and Subsidies - Capital	25	22,446,226	27,800,074
Government Grants and Subsidies - Operating	25	89,882,461	76,735,368
Contributed Property, Plant and Equipment	26	-	1,258,939
<b>Other Revenue</b>		<b>39,820,625</b>	<b>47,624,611</b>
Actuarial Gains	15	4,089,240	4,404,771
Fines, Penalties and Forfeits		34,550,416	41,876,648
Interest Earned - Non-exchange Transactions		1,116,111	1,322,574
Licences and Permits	27	64,859	20,618
<b>Revenue from Exchange Transactions</b>		<b>135,165,612</b>	<b>134,685,394</b>
Service Charges	28	121,140,296	126,768,606
Sales of Goods and Rendering of Services	29	976,221	608,304
Rental from Fixed Assets	30	1,407,138	1,377,712
Interest Earned - External Investments	31	191,990	283,539
Interest Earned - Exchange Transactions	32	9,576,140	3,492,780
Licences and Permits	27	69,010	209,310
Agency Services		302,344	654,425
Operational Revenue	33	1,502,473	1,290,717
<b>Total Revenue</b>		<b>329,321,862</b>	<b>327,668,584</b>
<b>EXPENDITURE</b>			
Employee related costs	34	127,050,095	119,967,352
Remuneration of Councillors	35	6,228,074	6,286,166
Bad Debts Written Off		371,924	8,434,425
Contracted Services	36	26,592,317	30,317,182
Depreciation and Amortisation	37	21,321,386	22,678,956
Actuarial Losses	15	-	642,445
Finance Costs	38	11,369,718	7,714,779
Bulk Purchases	39	79,178,146	70,714,138
Inventory Consumed	9	5,011,935	4,333,101
Operating Leases		186,243	96,883
Transfers and Subsidies	40	615,302	509,808
Operational Costs	41	20,845,959	20,775,880
<b>Total Expenditure</b>		<b>298,771,100</b>	<b>292,471,114</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>30,550,762</b>	<b>35,197,469</b>
Reversal of Impairment Loss/(Impairment Loss) on Receivables	42	(59,969,888)	(48,715,204)
Gains/(Loss) on Sale of Fixed Assets	43	503,384	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(28,915,741)</b>	<b>(13,517,735)</b>

**BEAUFORT WES LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 R	2020 Restated R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Ratepayers and others		151,507,030	141,274,392
Government		105,000,000	112,369,751
Interest		3,253,439	283,539
Cash payments			
Suppliers and Employees		(220,612,787)	(227,331,830)
Finance Charges		(7,290,739)	(3,021,033)
Grants repaid		-	(998,846)
<b>Net Cash from Operating Activities</b>	<b>45</b>	<b>31,856,942</b>	<b>22,575,973</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(25,698,888)	(19,461,746)
Purchase of Intangible Assets		-	(260,293)
<b>Net Cash from Investing Activities</b>		<b>(25,698,888)</b>	<b>(19,722,039)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1,880,261)	(2,988,976)
<b>Net Cash from Financing Activities</b>		<b>(1,880,261)</b>	<b>(2,988,976)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,277,793</b>	<b>(135,042)</b>
Cash and Cash Equivalents at the beginning of the year		(12,556,318)	(12,421,274)
Cash and Cash Equivalents at the end of the year	<b>47</b>	<b>(8,278,525)</b>	<b>(12,556,318)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,277,792</b>	<b>(135,044)</b>

**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021**

	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance as a % of final budget	Explanations for material variances of R1m or 10%
	R	(i.t.o. s28 and s31 of the MFMA) R	R	(i.t.o. s31 of the MFMA) R	R	R	2021 R	%	
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash	458,330	(451,660)	6,670			6,670	68,270	924%	The budget amount is with reference only to cash on hand. The actual amount includes the current account as well.
Call Investment Deposits	-	500,000	500,000			500,000	6,156,729	1131.35%	Due to unspent conditional grants, additional amounts were invested
Consumer Debtors (N3)	19,679,742	19,143,984	38,823,726			38,823,726	20,044,738	-48.37%	Due debt impairment higher than expected (lower collections)
Other Debtors (N4)	51,953,606	(2,596,303)	49,357,303			49,357,303	55,944,857	13.35%	Underbudgeting of other debtors. Collections lower than expected
Current Portion of long-term receivables	848,266	325,873	1,174,139			1,174,139	1,742,763	48.43%	Due to COVID 19 more consumer made arrangements
Inventory	2,255,636	775,147	3,030,783			3,030,783	3,227,586	6.49%	
<b>Total Current Assets</b>	<b>75,195,580</b>	<b>17,697,041</b>	<b>92,892,621</b>	<b>-</b>	<b>-</b>	<b>92,892,621</b>	<b>87,184,943</b>	<b>-6.14%</b>	
<b>Non-Current Assets</b>									
Long-term Receivables (N2)	2,647,792	2,698,886	5,346,678			5,346,678	956,417	-82.11%	Due to debt impairment
Investment Property	6,804,267	(804,757)	5,999,510			5,999,510	6,605,265	10.10%	Underbudgeting of investment property
Property, Plant and Equipment	541,561,264	(13,159)	541,548,105			541,548,105	528,358,108	-2.44%	Overbudgeting of PPE
Intangible Assets	157,949	136,597	294,546			294,546	257,155	-12.69%	Overbudgeting of Intangible assets
Other Non-Current Assets (N1)	5,225,000	-	5,225,000			5,225,000	5,225,000	0.00%	
<b>Total Non-Current Assets</b>	<b>556,396,272</b>	<b>2,017,567</b>	<b>558,413,839</b>	<b>-</b>	<b>-</b>	<b>558,413,839</b>	<b>541,401,945</b>	<b>-3.05%</b>	
<b>TOTAL ASSETS</b>	<b>631,591,852</b>	<b>19,714,608</b>	<b>651,306,460</b>	<b>-</b>	<b>-</b>	<b>651,306,460</b>	<b>628,586,888</b>	<b>-3.49%</b>	
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Bank Overdraft	-	5,858,228	5,858,228			5,858,228	14,503,525	147.58%	Cash constraints due to lower payment ratio (under collection)
Borrowing	5,323,315	(3,820,781)	1,502,534			1,502,534	1,502,533	0.00%	
Consumer Deposits	2,018,172	(43,154)	1,975,018			1,975,018	3,458,886	75.13%	Underbudgeting of consumer deposits
Trade and Other Payables (N6)	46,797,643	48,363,901	95,161,544			95,161,544	111,156,644	16.81%	Due to non-payment of suppliers due to cash flow constraints
Provisions (N5)	19,056,448	3,474,450	22,530,898			22,530,898	14,901,924	-33.86%	Due reversal of Murraysburg current portion
<b>Total Current Liabilities</b>	<b>73,195,578</b>	<b>53,832,644</b>	<b>127,028,222</b>	<b>-</b>	<b>-</b>	<b>127,028,222</b>	<b>145,523,512</b>	<b>14.56%</b>	
<b>Non-Current Liabilities</b>									
Borrowing	17,064,483	(11,782,397)	5,282,086			5,282,086	5,282,085	0.00%	Due to change in remaining useful lives and increase discount rate
Provisions (N5)	49,001,511	(3,763,613)	45,237,898			45,237,898	41,656,478	-7.92%	
<b>Total Non-Current Liabilities</b>	<b>66,065,994</b>	<b>(15,546,010)</b>	<b>50,519,984</b>	<b>-</b>	<b>-</b>	<b>50,519,984</b>	<b>46,938,563</b>	<b>-7.09%</b>	
<b>TOTAL LIABILITIES</b>	<b>139,261,572</b>	<b>38,286,634</b>	<b>177,548,206</b>	<b>-</b>	<b>-</b>	<b>177,548,206</b>	<b>192,462,075</b>	<b>8.40%</b>	
<b>NET ASSETS</b>									
Accumulated Surplus/(Deficit)	488,029,226	(18,225,316)	469,803,910			469,803,910	432,020,468	-8.04%	Net effect of reasons above
Reserves	4,301,054	(346,710)	3,954,344			3,954,344	4,104,345	3.79%	
<b>TOTAL NET ASSETS</b>	<b>492,330,280</b>	<b>(18,572,026)</b>	<b>473,758,254</b>	<b>-</b>	<b>-</b>	<b>473,758,254</b>	<b>436,124,813</b>	<b>-7.94%</b>	

N1 The actual figure is the balance of Heritage assets as per the Statement of Financial Position  
N2 The actual figure is the balance of Non-Current Receivables from Exchange Transactions and Non-Exchange Transactions as per the Statement of Financial Position  
N3 The actual figure is the balance of Receivables from Exchange Transaction as per the Statement of Financial Position  
N4 The actual figure is the balance of Receivables from Non-Exchange Transactions, Operating lease assets and Taxes as per the Statement of Financial Position  
N5 The actual figure is the balance of Provisions and Employee Benefits as per the Statement of Financial Position  
N6 The actual figure is the balance of Trade Payables from Exchange Transactions and Unspent Transfer and Subsidies as per the Statement of Financial Position

**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance as a % of final budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2021 R	%	
<b>REVENUE</b>									
Property Rates	40,903,128	639,372	41,542,500			41,542,500	42,006,938	1.12%	
Service Charges - Electricity Revenue	85,272,600	(77,300)	85,195,300			85,195,300	70,631,191	-17.09%	Due to increase in revenue foregone
Service Charges - Water Revenue	22,631,285	(1,496,785)	21,134,500			21,134,500	23,747,183	12.36%	Underbudgeting of water
Service Charges - Sanitation Revenue	18,087,237	(337,237)	17,750,000			17,750,000	17,566,398	-1.03%	
Service Charges - Refuse Revenue	9,411,425	27,125	9,438,550			9,438,550	9,195,524	-2.57%	
Rental of Facilities and Equipment	1,357,965	88,535	1,446,500			1,446,500	1,407,138	-2.72%	
Interest Earned - External Investments	1,155,000	(775,000)	380,000			380,000	191,990	-49.48%	Additional investment was made in June, hence less interest Due to increase in debtor, due to low collection rate
Interest Earned - Outstanding Debtors (N1)	4,797,880	258,320	5,056,200			5,056,200	10,692,250	111.47%	
Fines	57,325,500	-	57,325,500			57,325,500	34,550,416	-39.73%	Loss of income due to COVID 19
Licenses and Permits (N2)	580,000	-	580,000			580,000	133,869	-76.92%	Loss of income due to COVID 19
Agency Services	968,000	-	968,000			968,000	302,344	-68.77%	Loss of income due to COVID 19
Transfers Recognised - Operational	84,105,300	9,184,386	93,289,686			93,289,686	89,882,461	-3.65%	Due to unspent conditional grants
Other Revenue (N3)	1,569,985	1	1,569,986			1,569,986	6,567,934	318.34%	Due to actuarial gains not budgeted
Gains on Disposal of PPE	-	-	-			-	503,384	100.00%	Due to gain on disposal on PPE not budgeted
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328,165,305</b>	<b>7,511,417</b>	<b>335,676,722</b>	<b>-</b>	<b>-</b>	<b>335,676,722</b>	<b>307,379,020</b>	<b>-8.43%</b>	
<b>EXPENDITURE</b>									
Employee Related Costs	119,705,413	6,824,924	126,530,337			126,530,337	127,050,095	0.41%	
Remuneration of Councilors	6,514,525	-	6,514,525			6,514,525	6,228,074	-4.40%	Due to decrease in debtor's payment ratio, due to COVID 19. This resulted in debt impairment being higher than expected
Debt Impairment	54,689,437	-	54,689,437			54,689,437	59,969,888	9.66%	
Depreciation and Asset Impairment (N4)	25,096,384	-	25,096,384			25,096,384	21,321,386	-15.04%	Overbudgeting of PPE
Finance Charges	3,123,768	(328,523)	2,795,245			2,795,245	11,369,718	306.75%	Underbudgeting of finance charges
Bulk Purchases	76,700,500	2,299,500	79,000,000			79,000,000	79,178,146	0.23%	
Other Materials (N5)	9,141,011	4,038,804	13,179,815			13,179,815	5,011,935	-61.97%	Overbudgeting of other materials
Contracted Services	24,931,261	(2,886,905)	22,044,356			22,044,356	26,592,317	20.63%	Underbudgeting of contracted services Due to cash flow constraints, less expenditure occurred
Transfers and Grants	500,000	1,682,903	2,182,903			2,182,903	615,302	-71.81%	
Other Expenditure (N6)	26,772,432	(1,665,470)	25,106,962			25,106,962	21,404,127	-14.75%	Overbudgeting of other expenditure
<b>Total Expenditure</b>	<b>347,174,731</b>	<b>9,965,233</b>	<b>357,139,964</b>	<b>-</b>	<b>-</b>	<b>357,139,964</b>	<b>358,740,987</b>	<b>0.45%</b>	
<b>Surplus/(Deficit)</b>	<b>(19,009,426)</b>	<b>(2,453,816)</b>	<b>(21,463,242)</b>	<b>-</b>	<b>-</b>	<b>(21,463,242)</b>	<b>(51,361,967)</b>	<b>(0)</b>	
Transfers Recognised - Capital Contributed Assets	20,810,700	1,972,903	22,783,603			22,783,603	22,446,226	-1.48%	
	-	-	-			-	-	0.00%	
<b>Surplus/(Deficit) for the year</b>	<b>1,801,274</b>	<b>(480,913)</b>	<b>1,320,361</b>	<b>-</b>	<b>-</b>	<b>1,320,361</b>	<b>(28,915,741)</b>	<b>(0)</b>	

N1 The actual figure is the balance of Interest Earned from Exchange and Non-Exchange Transactions as per the Statement of Financial Performance  
N2 The actual figure is the balance of Licences and Permits from Exchange and Non-Exchange Transactions as per the Statement of Financial Performance  
N3 The actual figure is the balance of Actuarial gains, Sales of Goods and Rendering of Services and Operational Revenue as per the Statement of Financial Performance  
N4 The actual figure is the balance of Depreciation and Amortisation and Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets as per the Statement of Financial Performance  
N5 The actual figure is the balance of Inventory Consumed as per the Statement of Financial Performance  
N6 The actual figure is the balance of Bad Debts Written Off, Operating Leases and Operational Cost as per the Statement of Financial Performance

**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance as a % of final budget	Explanations for material variances of R1m or 10%
	R	R	R	R	R	R	2021 R	%	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Taxation	36,812,815	(5,655,940)	31,156,875			31,156,875	42,006,938	-72.50%	Overbudgeting of taxation
Service Charges	126,125,923	(12,122,990)	114,002,933			114,002,933	62,942,002	-70.71%	Overbudgeting of service charges
Other Revenue	20,478,950	(12,860,964)	7,617,986			7,617,986	46,558,090	-62.36%	Overbudgeting of other revenue
Government - Operating	84,105,300	9,184,386	93,289,686			93,289,686	82,553,774	-28.88%	Due to unspent conditional grants
Government - Capital	20,810,700	1,972,902	22,783,602			22,783,602	22,446,226	-20.46%	Due to unspent conditional grants
Interest	5,952,880	(516,680)	5,436,200			5,436,200	3,253,439	-40.15%	Overbudgeting of interest. Cash portion less than expected due to slow payment of debtors
<b>Payments</b>									
Suppliers and Employees	(263,765,142)	27,726,322	(236,038,820)			(236,038,820)	(220,612,787)	-6.54%	Overbudgeting of suppliers and employees
Finance costs	(3,123,768)	328,523	(2,795,245)			(2,795,245)	(7,290,739)	160.83%	Underbudgeting of finance charges
Transfers and Grants	(500,000)	(1,682,903)	(2,182,903)			(2,182,903)	-	-100.00%	Included in suppliers and employees on actual cashflow
<b>Net Cash from/(used) Operating Activities</b>	<b>26,897,658</b>	<b>6,372,656</b>	<b>33,270,314</b>	<b>-</b>	<b>-</b>	<b>33,270,314</b>	<b>31,856,942</b>	<b>-4.25%</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	-	-	-			-	-	0.00%	
Decrease/(Increase) in Other Non-Current Receivables	-	-	-			-	-	0.00%	
<b>Payments</b>									
Capital Assets	(35,897,000)	11,205,037	(24,691,963)			(24,691,963)	(25,698,888)	4.08%	VAT on capital grants
<b>Net Cash from/(used) Investing Activities</b>	<b>(35,897,000)</b>	<b>11,205,037</b>	<b>(24,691,963)</b>	<b>-</b>	<b>-</b>	<b>(24,691,963)</b>	<b>(25,698,888)</b>	<b>4.08%</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Borrowing long term/refinancing	12,800,000	(12,800,000)	-			-	-	0.00%	
<b>Payments</b>									
Repayment of Borrowing	(4,983,518)	3,103,257	(1,880,261)			(1,880,261)	(1,880,261)	0.00%	
<b>Net Cash from/(used) Financing Activities</b>	<b>7,816,482</b>	<b>(9,696,743)</b>	<b>(1,880,261)</b>	<b>-</b>	<b>-</b>	<b>(1,880,261)</b>	<b>(1,880,261)</b>	<b>0.00%</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>									
Cash and Cash Equivalents at the year begin:	1,641,190	(14,197,508)	(12,556,318)			(12,556,318)	(12,556,318)	0.00%	
Cash and Cash Equivalents at the year end:	<b>458,330</b>	<b>(6,316,558)</b>	<b>(5,858,228)</b>	<b>-</b>	<b>-</b>	<b>(5,858,228)</b>	<b>(8,278,525)</b>	<b>41.31%</b>	Net of reasons listed above

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

In terms of Directive 11: "Changes in Measurement Bases following the Initial Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality elected to change the measurement bases selected for Property, Plant and Equipment, Investment Property, Intangible Assets and Heritage Assets on the initial adoption of Standards of GRAP.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

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 restatements 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.

**1.5. CONSISTENT AND NEW ACCOUNTING POLICIES**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements will be adjusted in accordance with GRAP 3.

The following GRAP standards became effective on 1 April 2020:

- GRAP 18 Segment Reporting
- GRAP 110 Living and non-living resources
- GRAP 34 Separate financial statements
- GRAP 35 Consolidated financial statements
- GRAP 36 Investment in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interest in Other Entities

GRAP 34 - 38 will not have an influence on the operations of the municipality.

Amendments were made to the following GRAP interpretations:

- iGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
- iGRAP 20 Accounting for Adjustments to Revenue

**1.6. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

**1.7. MATERIALITY**

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements 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 determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

**1.8. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final approved budget amounts and actual amounts are included the notes to the annual financial statements.

Explanatory comments are provided for overall growth or decline in the budget and motivations for over or under spending on line items. The municipality considers a variance between the actual and budget of more than 10% of the budgeted value as material or where the amount exceeds R1000 0000.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

**1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 104	<u>Financial Instruments</u>	Unknown

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

REFERENCE	TOPIC	EFFECTIVE DATE
(Revised – April 2020)	The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.  No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	
Guideline	<u>Landfill sites</u> No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
Guideline	<u>Application of Materiality of Financial Statements</u> The guideline is not authoritative but only encourage.  The municipality may have to revise their currently policy on materiality to include additional factors.	Unknown

#### 1.10. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

#### 1.11. RESERVES

##### 1.11.1. Self-insurance reserve

A self-insurance reserve was established and, subject to external insurance where deemed necessary, covers claims that might occur. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with the amount provided for in the operating budget.

#### 1.12. LEASES

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.12.1. Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.12.2. Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

**1.13. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**1.14. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.15. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **1.16. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

**1.17. EMPLOYEE BENEFITS**

**(a) Pension and Retirement Fund Obligations**

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(b) Post-Retirement Medical Obligations**

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as employee related cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**(c) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(d) Ex-Gratia Pension Benefits**

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee related cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(e) Staff Leave**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end, to a maximum of 48 days, and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave, to a maximum of 48 days, will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**(f) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**(g) Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.18. PROPERTY, PLANT AND EQUIPMENT**

**1.18.1. Initial Recognition**

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 year.

The following items will be regarded as Property, plant and equipment rather than investment property:

- Owner-occupied property (including held for future use);
- Owner-occupied property held for development;
- Property occupied by employees for housing;
- Owner-occupied property held for disposal;
- Property held by the municipality to fulfil their mandated function rather than rental or capital appreciation and;
- Property held by the municipality for strategic purpose

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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 assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

**1.18.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.18.3. Depreciation and Impairment**

Land is not depreciated as it is regarded as having an unlimited life. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset other than land begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The depreciation charge is recognised in the Statement of Financial Performance. The annual depreciation rates are based on the following estimated useful lives in years:

**Infrastructure**

Roads	9-102
Electricity	12-67
Water	9-105
Refuse	18-29

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Sewerage	10-105
<b><u>Community</u></b>	
Cemeteries	104
Recreation sites	8-104
Community Centurms	14-104
Libraries	20-104
<b><u>Other</u></b>	
Buildings	14-104
Machinery & Equipment	3-44
Furniture and Office equipment	3-34
Computer Equipment	3-39
Transport Assets	5-87
<b><u>Finance lease assets</u></b>	
Office equipment	3-11
Vehicles	3-6

Changes to the useful life of assets and residual values are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

**1.18.4. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.18.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.18.6. Decommissioning and restoration asset**

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset (under cost model) is measured as follows:

- Changes in the liability, shall be added or deducted from the asset cost;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.

If the adjustment results in an addition to the cost of an asset, the municipality shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount or recoverable service amount, and shall account for any impairment loss, in accordance with its impairment policy. Refer to paragraph 1.21 of the policy

**1.19. INTANGIBLE ASSETS**

**1.19.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, regardless of whether the Municipality intends to do so or;
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The Municipality recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset 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, it's deemed cost is the carrying amount of the asset(s) given up.

**1.19.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.19.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The amortisation charge is recognised in the Statement of Financial Performance.

The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	3-8

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

**1.19.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.19.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.20. INVESTMENT PROPERTY**

**1.20.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or held for sale, the land is regarded as held for capital appreciation);
- A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases;
- A property owned by the municipality and leased out at a below market rental; and
- Property that is being constructed or developed for future use as investment property

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**1.20.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.20.3. Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	Years
Buildings	30-33

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

**1.20.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.20.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.21.1. Cash generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
  - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
  - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- A decision to halt the construction of the asset before it is complete or in a usable condition
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation 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 shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.21.2. Non-cash-generating assets**

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

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an 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 an 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. If this is the case, the carrying amount of the asset is increased to its recoverable service amount.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.22. INVENTORIES**

### **1.22.1. Initial Recognition**

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.22.2. Subsequent Measurement**

Inventories, consisting of consumable stores, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Cost of land held for sale is assigned by using specific identification of their individual costs.

**1.23. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

**1.23.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

**1.23.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.23.2.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.23.2.2. *Payables and Annuity Loans***

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.23.2.3. *Cash and Cash Equivalents***

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

**1.23.3. *De-recognition***

**1.23.3.1. *Financial Assets***

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.23.3.2. *Financial Liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.23.4. *Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.24. STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

**1.24.1. Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition and recognition criteria of asset is met.

**1.24.2. Subsequent Measurement**

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

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

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the 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 Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

The municipality considers the following as 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)

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- 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

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. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

**1.24.3. Derecognition**

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) 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 Municipality:
  - i. derecognise the receivable; and
  - ii. recognise separately any rights and obligations created or retained in the transfer.

**1.24.4. Transitional Provisions**

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables. Over time our understanding and insights as to the requirements of a new standard improves, therefore the municipality is choosing to make use of the transitional provision. The transitional period commences from 1 June 2019 and will be utilised until the period ending 30 June 2022.

**1.25. REVENUE**

**1.25.1. Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from non-exchange transactions is recognised when:

- It is probable that the future economic benefits or service potential associated with the asset will flow to the entity and;
- the fair value of the asset can be measured reliably

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months.

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

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a 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 present 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 will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and 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.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

**1.25.2. Revenue from Exchange Transactions**

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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 costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is recognised when:

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

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

**1.26. RELATED PARTIES**

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

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.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person’s family is related to the Municipality if that person:
- has control or joint control over the Municipality.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
  - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

reporting entity is itself such a plan, the sponsoring employers are related to the entity.

- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa,

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

**1.27. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A contingent liability is 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 entity. A contingent liability could also be 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 will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

**1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

***Post-retirement medical obligations, Long service awards and Ex gratia gratuities***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 18 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Impairment of Statutory Receivables***

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Provisions and Contingent Liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

***Componentisation of Infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

***Revenue Recognition***

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

The IGRAP 1 amendments did not have any impact on Traffic Fines revenue issued in terms of the current Criminal Proceedings Act system, but will only have an effect on fines issued in terms of the Amended Act (AARTO) that is expected to become

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

effective on 1 July 2021. As the legislation is new, the possible impact cannot at this stage be determined. The legislation itself will significantly increase Traffic Fines revenue based on higher fine amounts being pronounced in Schedule 3 of the Amendment Act.

The iGRAP 20 interpretation is not regarded as having an effect, as the principals of revising revenue (for e.g., incorrect tariff or appeal) is already applied by the municipality.

***Water Inventory***

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore, the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end.

**1.32. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.33. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

**1.34. EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual 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).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

**1.35. VALUE ADDED TAX (VAT)**

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**1.33.1 Current VAT assets and liabilities**

Current VAT for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current VAT liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the VAT authorities, using the tax rates and VAT laws that have been enacted or substantively enacted by the reporting date.

**1.34 HERITAGE ASSETS**

**1.34.1 Initial Recognition**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

**1.34.2 Subsequent Measurement – Cost Model**

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

**1.34.3 Depreciation and Impairment**

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

**1.34.4 De-recognition**

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

**1.34.5 Application of deemed cost - Directive 7**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.36. ACCOUNTING BY PRINCIPALS AND AGENTS**

A principal-agent arrangement exists where there is 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).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

**Identification**

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

**1.37. SEGMENT REPORTING**

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);

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

- 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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2.1 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2021

	Cost/Revaluation					Accumulated Impairment		Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Change in landfill site	Disposals	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
<b>Infrastructure</b>												
Electricity Network	124,917,185	4,504,946	-	-	129,422,131	-	-	21,618,862	3,510,684	-	25,129,546	104,292,585
Refuse Network	6,144,903	-	-	-	6,144,903	-	-	2,977,981	312,159	-	3,290,139	2,854,763
Road Network	194,730,334	2,278,147	-	67,175	196,941,306	-	-	58,475,181	5,798,247	62,769	64,210,659	132,730,647
Sanitation Network	99,643,311	306,001	-	58,568	99,890,745	-	-	18,255,783	3,115,938	57,785	21,313,936	78,576,809
Water Network	103,453,594	11,575,249	-	-	115,028,843	-	-	27,357,632	3,177,406	-	30,535,038	84,493,805
Landfill Sites	22,365,940	-	(12,631,713)	-	9,734,227	-	-	9,734,227	-	-	9,734,227	0
	<b>551,255,267</b>	<b>18,664,343</b>	<b>(12,631,713)</b>	<b>125,743</b>	<b>557,162,154</b>	<b>-</b>	<b>-</b>	<b>138,419,666</b>	<b>15,914,434</b>	<b>120,554</b>	<b>154,213,545</b>	<b>402,948,608</b>
<b>Community Assets</b>												
Cemeteries	886,842	1,599,795	-	-	2,486,637	-	-	2,197	165	-	2,362	2,484,275
Community centres	62,184,754	-	-	-	62,184,754	670,478	670,478	5,361,200	639,348	-	6,000,548	55,513,729
Libraries	1,138,236	-	-	-	1,138,236	21,470	21,470	225,915	38,505	-	264,420	852,346
Recreation sites	23,952,152	80,696	-	-	24,032,848	186,621	186,621	2,473,933	597,455	-	3,071,388	20,774,839
	<b>88,161,984</b>	<b>1,680,491</b>	<b>-</b>	<b>-</b>	<b>89,842,476</b>	<b>878,570</b>	<b>878,570</b>	<b>8,063,245</b>	<b>1,275,473</b>	<b>-</b>	<b>9,338,717</b>	<b>79,625,188</b>
<b>Land and Buildings</b>	<b>56,582,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,582,105</b>	<b>16,648,275</b>	<b>16,648,275</b>	<b>1,684,355</b>	<b>119,853</b>	<b>-</b>	<b>1,804,208</b>	<b>38,129,623</b>
Land	43,392,280	-	-	-	43,392,280	15,146,100	15,146,100	-	-	-	-	28,246,180
Buildings	13,189,825	-	-	-	13,189,825	1,502,175	1,502,175	1,684,355	119,853	-	1,804,208	9,883,443
<b>Other Assets</b>												
Machinery and Equipment	3,773,386	-	-	-	3,773,386	-	-	2,541,424	308,217	-	2,849,641	923,744
Furniture and Office Equipment	3,472,259	10,158	-	-	3,482,417	-	-	2,398,861	278,045	-	2,676,906	805,511
Computer Equipment	4,529,951	546,174	-	-	5,076,125	-	-	3,089,304	482,363	-	3,571,667	1,504,459
Transport Assets	10,612,805	-	-	-	10,612,805	-	-	5,698,246	1,477,610	-	7,175,857	3,436,949
	<b>22,388,401</b>	<b>556,332</b>	<b>-</b>	<b>-</b>	<b>22,944,733</b>	<b>-</b>	<b>-</b>	<b>13,727,836</b>	<b>2,546,235</b>	<b>-</b>	<b>16,274,071</b>	<b>6,670,662</b>
<b>Leases</b>												
Leased office equipment	1,702,125	-	-	-	1,702,125	-	-	470,921	567,375	-	1,038,296	663,829
Leased office vehicle	1,569,813	-	-	548,509	1,021,304	-	-	731,275	518,360	548,509	701,126	320,178
	<b>3,271,938</b>	<b>-</b>	<b>-</b>	<b>548,509</b>	<b>2,723,429</b>	<b>-</b>	<b>-</b>	<b>1,202,196</b>	<b>1,085,735</b>	<b>548,509</b>	<b>1,739,422</b>	<b>984,007</b>
<b>Total</b>	<b>721,659,696</b>	<b>20,901,166</b>	<b>(12,631,713)</b>	<b>674,252</b>	<b>729,254,897</b>	<b>17,526,845</b>	<b>17,526,845</b>	<b>163,097,297</b>	<b>20,941,729</b>	<b>669,063</b>	<b>183,369,964</b>	<b>528,358,089</b>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2.2 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2020

	Cost/Revaluation				Accumulated Impairment		Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Change in landfill site	Disposals	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Depreciation	Disposals		Closing Balance
<b>Infrastructure</b>												
Electricity Network	107,616,071	17,301,114	-	-	124,917,185	-	-	18,248,116	3,370,746	-	21,618,862	103,298,324
Refuse Network	6,144,903	-	-	-	6,144,903	-	-	2,665,822	312,159	-	2,977,981	3,166,922
Road Network	192,459,882	2,287,580	-	17,128	194,730,334	-	-	52,702,280	5,790,029	17,128	58,475,181	136,255,153
Sanitation Network	99,643,311	-	-	-	99,643,311	-	-	15,165,006	3,090,777	-	18,255,783	81,387,528
Water Network	101,205,816	2,247,778	-	-	103,453,594	-	-	24,226,386	3,131,246	-	27,357,632	76,095,962
Landfill Sites	24,005,488	-	(1,639,548)	-	22,365,940	-	-	7,806,159	1,928,068	-	9,734,227	12,631,713
	<b>531,075,471</b>	<b>21,836,472</b>	<b>(1,639,548)</b>	<b>17,128</b>	<b>551,255,267</b>	<b>-</b>	<b>-</b>	<b>120,813,769</b>	<b>17,623,025</b>	<b>17,128</b>	<b>138,419,666</b>	<b>412,835,601</b>
<b>Community Assets</b>												
Cemeteries	17,200	869,642	-	-	886,842	-	-	2,032	165	-	2,197	884,645
Community centurms	62,184,754	-	-	-	62,184,754	670,478	670,478	4,714,484	646,716	-	5,361,200	56,153,077
Libraries	1,138,236	-	-	-	1,138,236	21,470	21,470	187,173	38,741	-	225,915	890,851
Recreation sites	21,496,661	2,455,492	-	-	23,952,152	186,621	186,621	1,937,264	536,669	-	2,473,933	21,291,597
	<b>84,836,851</b>	<b>3,325,133</b>	<b>-</b>	<b>-</b>	<b>88,161,984</b>	<b>878,570</b>	<b>878,570</b>	<b>6,840,953</b>	<b>1,222,291</b>	<b>-</b>	<b>8,063,245</b>	<b>79,220,170</b>
<b>Other Assets</b>												
	<b>56,582,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,582,105</b>	<b>16,648,275</b>	<b>16,648,275</b>	<b>1,550,876</b>	<b>133,479</b>	<b>-</b>	<b>1,684,355</b>	<b>38,249,476</b>
Land	43,392,280	-	-	-	43,392,280	15,146,100	15,146,100	-	-	-	-	28,246,180
Buildings (note 44.1)	13,189,825	-	-	-	13,189,825	1,502,175	1,502,175	1,550,876	133,479	-	1,684,355	10,003,296
Machinery and Equipment	3,632,204	141,182	-	-	3,773,386	-	-	2,231,857	309,567	-	2,541,424	1,231,961
Furniture and Office Equipment	3,473,417	6,281	-	7,439	3,472,259	-	-	2,117,854	288,446	7,439	2,398,861	1,073,398
Computer Equipment	4,320,603	209,348	-	-	4,529,951	-	-	2,577,489	511,815	-	3,089,304	1,440,647
Transport Assets	10,612,805	-	-	-	10,612,805	-	-	5,425,969	272,277	-	5,698,246	4,914,559
	<b>22,039,030</b>	<b>356,811</b>	<b>-</b>	<b>7,439</b>	<b>22,388,401</b>	<b>-</b>	<b>-</b>	<b>12,353,169</b>	<b>1,382,106</b>	<b>7,439</b>	<b>13,727,836</b>	<b>8,660,566</b>
<b>Leases</b>												
Leased office equipment	75,071	1,702,125	-	75,071	1,702,125	-	-	30,204	515,789	75,071	470,921	1,231,204
Leased office vehicles	7,766,405	581,929	-	6,778,521	1,569,813	-	-	6,043,659	1,466,137	6,778,521	731,275	838,538
	<b>7,841,476</b>	<b>2,284,054</b>	<b>-</b>	<b>6,853,592</b>	<b>3,271,938</b>	<b>-</b>	<b>-</b>	<b>6,073,863</b>	<b>1,981,925</b>	<b>6,853,592</b>	<b>1,202,196</b>	<b>2,069,742</b>
<b>Total</b>	<b>702,374,934</b>	<b>27,802,469</b>	<b>(1,639,548)</b>	<b>6,878,159</b>	<b>721,659,696</b>	<b>17,526,845</b>	<b>17,526,845</b>	<b>147,632,630</b>	<b>22,342,826</b>	<b>6,878,159</b>	<b>163,097,297</b>	<b>541,035,554</b>

	2021	2020
	R	R
<b>2.3 Property, Plant and Equipment which is in the process of being constructed or developed:</b>		
Infrastructure Assets	35,749,916	25,341,293
Roads	6,977,452	8,699,526
Electricity	16,169,345	15,613,897
Water Supply	12,603,119	1,027,870
Community Assets	3,538,487	1,857,996
<b>Total Property, Plant and Equipment under construction</b>	<b>39,288,403</b>	<b>27,199,289</b>
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
The movements for the year can be reconciled as follows:		
Balance at beginning of year	27,199,289	17,109,230
Expenditure during the year	20,038,833	25,683,334
Assets unbundled during the year	(7,949,719)	(15,593,275)
<b>Balance at end of year</b>	<b>39,288,403</b>	<b>27,199,289</b>
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:</b>		
Infrastructure Assets	3,714,094	-
Roads	3,714,094	-
<b>Total</b>	<b>3,714,094</b>	<b>-</b>
<i>The project (freddy max &amp; mark street) is taking long to complete due to funding</i>		
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>2.5 Property, Plant and Equipment where construction or development has been halted:</b>		
Community Assets	147,487	-
<b>Total</b>	<b>147,487</b>	<b>-</b>
<i>The project (Rustdene sportgrounds) is taking long to complete due to funding</i>		
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>2.6 Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>		
Contracted Services	2,957,316	3,631,300
<b>Total Repairs and Maintenance</b>	<b>2,957,316</b>	<b>3,631,300</b>
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>2.7 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R984 007 is secured for leases as set out in Note 2.		
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>2.8 Third party payments received for losses incurred:</b>		
Payments received (Excluding VAT)	93,473	10,305

2.9 Effect of changes in accounting estimates

	2020 R	2021 R	2022 R
Effect on Property, plant and equipment	<u>384,638</u>	<u>384,638</u>	<u>(1,831,537)</u>

The Municipality has reassessed the useful lives and residual values of Property, plant and equipment. This resulted in change in depreciation charge, accumulated depreciation charge and the carrying value of Property, Plant and Equipment. The effect of the change for the current and future periods are disclosed on note 2.10.

2.10 Contractual commitments for acquisition of Property, Plant and Equipment:

	2021 R	2020 R
Approved and contracted for:	17,923,838	2,449,893
Infrastructure	<u>17,923,838</u>	<u>2,449,893</u>
<b>Total</b>	<u><b>17,923,838</b></u>	<u><b>2,449,893</b></u>

This expenditure will be financed from:

	2021 R	2020 R
Government Grants	17,923,838	2,449,893
<b>Total</b>	<u><b>17,923,838</b></u>	<u><b>2,449,893</b></u>

3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

	2021 R	2020 R
<b>Net Carrying amount at 1 July</b>	<b>6,819,245</b>	<b>7,033,226</b>
Cost/Valuation	11,075,824	11,075,824
Accumulated Depreciation	(3,475,879)	(3,251,898)
Accumulated Impairment Loss	(780,700)	(780,700)
Depreciation for the year	(213,981)	(213,981)
<b>Net Carrying amount at 30 June</b>	<u><b>6,605,265</b></u>	<u><b>6,819,246</b></u>
Cost/Valuation	11,075,824	11,075,824
Accumulated Depreciation	(3,689,859)	(3,475,879)
Accumulated Impairment Loss	(780,700)	(780,700)

3.2 Revenue from Investment Property

	2021 R	2020 R
Revenue derived from the rental of Investment Property Sanlam Building	<u><b>(1,014,425)</b></u>	<u><b>(206,893)</b></u>

		2021	2020
3.3	<b>Operating Expenditure incurred on properties:</b>	R	R
	<b>Repairs and Maintenance</b>		
	Revenue Generating	-	25,051
	Improved Property	-	25,051
	<b>Total Repairs and Maintenance</b>	-	25,051

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.  
There are no assets pledged as security for liabilities.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.  
The cost model in terms of GRAP 16 is being applied on Investment Property.

Cost at implementation of GRAP 16 was determined by valuation roll of 1 July 2009. Impairment was calculated based on valuation roll of 1 July 2017.

		2021	2020
		R	R
	Estimate Fair Value of Investment Property at 30 June	13,280,000	13,280,000
	Fair value was determined by using the valuation roll of 1 July 2017.		

		2021	2020
4.	<b>INTANGIBLE ASSETS</b>	R	R
	<b>Computer System &amp; Software</b>		
4.1	<b>Net Carrying amount at 1 July</b>	422,832	(666,780)
	Cost	1,211,788	951,495
	Accumulated Amortisation	(788,956)	(666,780)
	Additions	-	260,293
	Amortisation	(165,676)	(122,176)
	<b>Net Carrying amount at 30 June</b>	257,156	422,832
	Cost	1,211,788	1,211,788
	Accumulated Amortisation	(954,632)	(788,956)
		2021	2020
		R	R

4.2 **Material Intangible Assets included in the carrying value:**

Description	Remaining Amortisation Period	Carrying Value	Carrying Value
Fleet Management Program	1	9,500	19,000
MS Office	2-3	18,233	29,488
IMQ'S Software	1	44,758	89,515
Other Software	1-2	184,665	284,928

No intangible asset were assted having an indefinite useful life.  
No expenditure were incurred with regards to research or development cost.  
There are no internally generated intangible assets at reporting date.  
There are no intangible assets in process of being constructed or developed.  
There are no intangible assets whose title is restricted.  
There are no intangible assets pledged as security for liabilities.  
There are no contractual commitments for the acquisition of intangible assets.

		2021	2020
5.	<b>HERITAGE ASSETS</b>	R	R
	<b>Net Carrying amount at 1 July</b>	5,225,000	5,225,000
	Cost	5,225,000	5,225,000
	<b>Net Carrying amount at 30 June</b>	5,225,000	5,225,000
	Cost	5,225,000	5,225,000

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.  
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.  
There are no Heritage Assets pledged as security for liabilities.  
There are no Heritage Assets that are used by the municipality for more than one purpose.  
No expenditure were incurred to repair and maintain heritage assets.  
No compensation received from third parties for items impaired,lost or given up.

	2021 R	2020 R
<b>6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivables with repay arrangements - At amortised cost (gross)	7,467,942	4,698,264
Less: Provision for Debt Impairment	(5,446,386)	(2,013,307)
<b>Net Non-current receivables from exchange</b>	<b>2,021,556</b>	<b>2,684,957</b>
Less: Current portion transferred to Receivables from Exchange Transactions	(1,290,180)	(820,753)
<b>Total Non-Current Receivables from Exchange Transactions</b>	<b>731,376</b>	<b>1,864,204</b>
Balance previously reported		3,977,511
Correction of error - note 44.6		(2,013,307)
<b>Restated balance</b>		<b>1,864,204</b>

**ARRANGEMENTS**

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.

	2021 R	2020 R
<b>7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Housing Selling Schemes - At amortised cost	235,553	282,397
Receivables with repay arrangements - At amortised cost	1,695,910	1,229,641
Less: Provision for Debt Impairment	(1,253,838)	(596,171)
<b>Net Non-current receivables from exchange</b>	<b>677,625</b>	<b>915,866</b>
Less: Current portion transferred to Receivables from Non-Exchange Transactions	(452,583)	(297,474)
<b>Total Non-Current Receivables from Non-Exchange Transactions</b>	<b>225,042</b>	<b>618,392</b>
Balance previously reported		1,214,563
Correction of error - note 44.5		(596,171)
<b>Restated balance</b>		<b>618,392</b>

**HOUSING SELLING SCHEME**

The outstanding amount relates to prior years and is still collectable. General public were entitled to housing loans which attract interest at 13.5% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

**ARRANGEMENTS**

Municipal account holders can make arrangements with the Municipality, agreeing to pay the outstanding accounts over a predetermined period at a fixed monthly instalment. When a monthly instalment is not paid, the account is transferred back to Trade receivables where it will be included in the calculation of Provision for Impairment.

	2021 R	2020 R
<b>8. OPERATING LEASE ARRANGEMENTS</b>		
<b>8.1 The Municipality as Lessor</b>		
Operating Lease Asset	144,083	198,910
<b>Disclosed as follows:</b>		
Non-Current Operating Lease Asset	-	-
Current Operating Lease Asset	144,083	198,910
	<b>144,083</b>	<b>198,910</b>
<b>Reconciliation</b>		
Balance at the beginning of the year	198,910	115,237
Movement during the year	(54,827)	83,673
<b>Balance at the end of the year</b>	<b>144,083</b>	<b>198,910</b>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:		
Up to 1 Year	478,389	834,893
1 to 5 Years	957,643	1,239,764
More than 5 Years	509,226	705,492
<b>Total Operating Lease Arrangements</b>	<b>1,945,257</b>	<b>2,780,149</b>

Beaufort West Municipality is leasing land to rate payers for periods of 2 to 99 years with various escalations per year.

The leases are in respect of land being leased out for a period until 2030.

This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure. The lease agreements did not include contingent rents.

	2021 R	2020 R
<b>9. INVENTORY</b>		
Consumables - Stationary and material	3,133,850	3,081,866
Water	93,936	108,431
<b>Total Inventory</b>	<b>3,227,586</b>	<b>3,190,298</b>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

	2021 R	2020 R
<b>9.1 Inventories recognise as an expense during the year:</b>		
Consumables - Stationary and material	431,692	1,807,149
Materials and Supplies	4,580,243	2,525,951
<b>Total</b>	<b>5,011,935</b>	<b>4,333,101</b>

**9.2 Inventories written down due to losses as identified during the annual stores counts:**  
Consumable stores materials surpluses identified during the annual stores counts.

	2021 R	2020 R
	0	-

No inventories were pledged as security for liabilities.

**10. RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2021 R	2020 R
<b>Service Receivables</b>		
Electricity	9,802,465	11,603,712
Water	20,594,856	11,533,489
Property Rentals	47,857	34,722
Waste Management	16,977,005	11,980,969
Waste Water Management	27,900,019	20,193,031
<b>Total Service Receivables</b>	<b>75,322,203</b>	<b>55,345,923</b>
Less: Provision for Debt Impairment	(58,526,774)	(37,147,142)
<b>Net Service Receivables</b>	<b>16,795,428</b>	<b>18,198,781</b>

Other Arrears	30,643,668	38,922,039
---------------	------------	------------

**Total: Receivables from exchange transactions (before provision)** **30,643,668** **38,922,039**

**Less:** Provision for Debt Impairment (27,394,359) (32,481,600)

**Total: Receivables from exchange transactions (after provision)** **3,249,310** **6,440,439**

**Total Net Receivables from Exchange Transactions** **20,044,738** **24,639,220**

Balance previously reported 21,110,223

Correction of error - note 44.3 3,528,997

**Restated Balance** **24,639,220**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

	2021 R	2020 R
<b>(Electricity): Ageing</b>		
Current (0 - 30 days)	5,278,613	8,700,342
31 - 60 Days	594,308	660,273
61 - 90 Days	364,090	415,578
+ 90 Days	3,565,454	1,827,518
<b>Total</b>	<b>9,802,465</b>	<b>11,603,712</b>

	2021 R	2020 R
<b>(Water): Ageing</b>		
Current (0 - 30 days)	2,466,290	3,394,820
31 - 60 Days	1,234,029	1,064,779
61 - 90 Days	1,538,594	500,813
+ 90 Days	15,355,943	6,673,077
<b>Total</b>	<b>20,594,856</b>	<b>11,533,489</b>

	2021 R	2020 R
<b>(Property Rentals): Ageing</b>		
Current (0 - 30 days)	1,919	4,359
31 - 60 Days	1,417	1,477
61 - 90 Days	1,334	1,245
+ 90 Days	43,186	27,641
<b>Total</b>	<b>47,856</b>	<b>34,722</b>

	2021 R	2020 R
<b>(Waste Management): Ageing</b>		
Current (0 - 30 days)	953,299	816,127
31 - 60 Days	538,145	468,339
61 - 90 Days	498,271	375,131
+ 90 Days	14,987,290	10,321,372
<b>Total</b>	<b>16,977,005</b>	<b>11,980,969</b>
<b>(Waste Water Management): Ageing</b>		
Current (0 - 30 days)	1,640,498	1,488,155
31 - 60 Days	812,138	719,623
61 - 90 Days	736,718	618,999
+ 90 Days	24,710,664	17,366,254
<b>Total</b>	<b>27,900,018</b>	<b>20,193,031</b>
<b>(Other): Ageing</b>		
Current (0 - 30 days)	348,346	6,614,201
31 - 60 Days	240,940	104,321
61 - 90 Days	206,513	85,104
+ 90 Days	29,847,869	32,118,413
<b>Total</b>	<b>30,643,668</b>	<b>38,922,039</b>
<b>(Total): Ageing</b>		
Current (0 - 30 days)	10,688,965	21,018,004
31 - 60 Days	3,420,977	3,018,813
61 - 90 Days	3,345,520	1,996,870
+ 90 Days	88,510,407	68,234,275
<b>Total</b>	<b>105,965,869</b>	<b>94,267,962</b>

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2021</b>				
Current (0 - 30 days)	92,801	8,012,884	1,668,298	914,983
31 - 60 Days	37,753	2,916,983	228,114	238,127
61 - 90 Days	26,957	2,885,062	194,552	238,950
+ 90 Days	2,140,236	75,088,817	3,570,071	7,711,283
Sub-total	2,297,747	88,903,746	5,661,035	9,103,343
Less: Provision for Debt Impairment	(2,151,013)	(80,127,434)	(3,642,686)	-
<b>Total debtors by customer classification</b>	<b>146,734</b>	<b>8,776,312</b>	<b>2,018,349</b>	<b>9,103,343</b>

Summary of Debtors by Customer Classification

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2020</b>				
Current (0 - 30 days)	140,216	4,206,692	2,371,334	2,961,918
31 - 60 Days	44,404	1,658,662	680,935	634,812
61 - 90 Days	25,606	1,292,108	219,951	459,204
+ 90 Days	2,714,532	59,968,777	14,138,902	2,749,907
Sub-total	2,924,759	67,126,240	17,411,122	6,805,842
Less: Provision for Debt Impairment	(1,553,888)	(61,468,934)	(6,605,919)	-
<b>Total debtors by customer classification</b>	<b>1,370,871</b>	<b>5,657,306</b>	<b>10,805,203</b>	<b>6,805,842</b>

Reconciliation of Provision for Debt Impairment

	2021 R	2020 R
Balance at beginning of year	69,628,741	65,684,736
Contribution to provision	21,738,778	(8,743,912)
VAT on provision		14,701,224
Transfer to non-current portion	(5,446,386)	(2,013,307)
Balance at end of year	<b>85,921,133</b>	<b>69,628,741</b>
The total amount of this provision is R85 921 133, and consist of:		
Services	58,526,774	37,147,142
Other Debtors	27,394,359	32,481,599
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b>85,921,133</b>	<b>69,628,741</b>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>Ageing of amounts past due but not impaired:</b>		
1 month past due	238,127	634,812
2+ months past due	7,849,802	3,209,111
	<b>8,087,929</b>	<b>3,843,923</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2021 R	2020 R
<b>11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Taxes - Rates	29,147,199	18,073,813
Fines	237,463,167	208,409,717
Other Receivables	12,262,039	7,450,613
	<b>278,872,404</b>	<b>233,934,143</b>
Less: Provision for Debt Impairment	(232,898,137)	(193,452,307)
<b>Total Receivables from non-exchange transactions</b>	<b>45,974,267</b>	<b>40,481,836</b>
Balance previously reported		39,885,665
Correction of error - note 44.4		596,171
<b>Restated balance</b>		<b>40,481,836</b>

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

	2021 R	2020 R
<b>(Rates): Ageing</b>		
Current (0 - 30 days)	3,313,731	2,359,161
31 - 60 Days	1,176,974	1,176,221
61 - 90 Days	993,162	596,121
+ 90 Days	23,663,332	13,942,305
<b>Total</b>	<b>29,147,199</b>	<b>18,073,813</b>
<b>(Other Receivables): Ageing</b>		
Current (0 - 30 days)	2,859,453	2,074,512
31 - 60 Days	3,854,521	1,370,786
61 - 90 Days	3,571,348	813,398
+ 90 Days	239,439,883	211,601,634
<b>Total</b>	<b>249,725,206</b>	<b>215,860,330</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2021</b>				
Current (0 - 30 days)	513,314	1,663,152	680,408	486,811
31 - 60 Days	168,888	665,482	178,741	196,584
61 - 90 Days	161,904	563,481	103,775	194,049
+ 90 Days	248,491,708	18,650,111	3,354,436	2,799,560
Sub-total	249,335,815	21,542,226	4,317,360	3,677,003
Less: Provision for Debt Impairment	(210,535,637)	(19,042,580)	(3,319,921)	
<b>Total debtors by customer classification</b>	<b>38,800,178</b>	<b>2,499,646</b>	<b>997,439</b>	<b>3,677,003</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2020</b>				R
Current (0 - 30 days)	66,014	1,485,889	619,777	251,819
31 - 60 Days	46,623	458,086	199,267	491,932
61 - 90 Days	30,131	331,511	108,692	140,085
+ 90 Days	211,662,244	10,822,350	3,069,962	4,150,760
Sub-total	211,805,012	13,097,836	3,996,699	5,034,596
Less: Provision for Debt Impairment	(178,679,199)	(11,506,448)	(3,266,660)	-
<b>Total debtors by customer classification</b>	<b>33,125,813</b>	<b>1,591,388</b>	<b>730,039</b>	<b>5,034,596</b>

**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	2021 R	2020 R
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at beginning of year	193,452,308	160,468,856
Contribution to provision	39,445,830	32,983,453
Balance at end of year	<b>232,898,138</b>	<b>193,452,308</b>

The total amount of this provision (Trade Receivables from non-exchange transactions) consist of:

	2021 R	2020 R
Taxes	30,103,934	15,530,703
Fines	202,794,203	177,921,604
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<b>232,898,137</b>	<b>193,452,307</b>

**Ageing of amounts past due but not impaired**

	2021 R	2020 R
1 month past due	196,584	491,932
2+ months past due	3,094,039	4,290,845
	<b>3,290,623</b>	<b>4,782,777</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

	2021 R	2020 R
<b>12. BANK ACCOUNTS</b>		
<b>12.1 Cash and Cash Equivalents</b>		
Current Accounts	52,428	60,427
Call Deposits and Investments	6,156,729	2,743,458
Cash On-hand	15,842	6,670
<b>Total Cash and Cash Equivalents - Assets</b>	<b>6,224,999</b>	<b>2,810,555</b>
<b>12.2 Liabilities</b>		
Current Accounts	(14,503,525)	(15,366,873)
<b>Total Cash and Cash Equivalents - Liabilities</b>	<b>(14,503,525)</b>	<b>(15,366,873)</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R6 156 729 are held to fund the Unspent Conditional Grants (2020: R2 743 458).

Bank overdraft of R15 000 0000 exists at Nedbank and the Municipality has a facility of R500 000 for Fleet Cards at Nedbank.

The municipality has the following bank accounts:

	2021 R	2020 R
Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):	(14,503,525)	(15,366,873)
ABSA Bank -Account Number 409 410 8341	62,428	50,427
	<b>(14,451,097)</b>	<b>(15,306,446)</b>

**Call Deposits and Investments**

	2021 R	2020 R
Investec	40,521	39,221
ABSA	1,133,272	502,807
Standard Bank	4,838,902	62,594
Nedbank	144,035	2,138,836
	<b>6,156,730</b>	<b>2,743,458</b>

Details of current accounts are as follow:

	2021 R	2020 R
<b>Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):</b>		
Cash book balance at beginning of year	(15,366,873)	(12,929,852)
Cash book balance at end of year	<b>(14,503,525)</b>	<b>(15,366,873)</b>
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318	(14,790,845)	(8,546,856)
Bank accounts balance at beginning of year	<b>(14,790,845)</b>	<b>(8,546,856)</b>
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318	<b>(14,503,524)</b>	<b>(14,790,845)</b>

	2021 R	2020 R
<b>Bank statement balance ABSA-Account Number 409 410 8341</b>		
Cash book balance at beginning of year	60,427	115,942
Cash book balance at end of year	52,428	60,427
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341	60,427	115,942
Bank statement balance at end of year ABSA-Account Number 409 410 8341	73,694	60,427
Details of call investment accounts are as follow:		
	2021 R	2020 R
<b>Investec</b>		
Cash book balance at beginning of year	39,221	135,532
Cash book balance at end of year	40,521	39,221
Bank statement balance at beginning of year	39,221	13,923
Bank statement balance at end of year	40,521	39,221
	2021 R	2020 R
<b>Absa</b>		
Cash book balance at beginning of year	502,807	43,465
Cash book balance at end of year	1,133,272	502,807
Bank statement balance at beginning of year	502,807	180,163
Bank statement balance at end of year	1,133,272	502,807
	2021 R	2020 R
<b>Standard bank</b>		
Cash book balance at beginning of year	62,594	17,804
Cash book balance at end of year	4,838,902	62,594
Bank statement balance at beginning of year	62,594	59,841
Bank statement balance at end of year	4,838,902	62,594
	2021 R	2020 R
<b>Nedbank</b>		
Cash book balance at beginning of year	2,138,836	189,166
Cash book balance at end of year	144,035	2,138,836
Bank statement balance at beginning of year	2,138,836	132,039
Bank statement balance at end of year	144,035	2,138,836
	2021 R	2020 R
<b>13. LONG-TERM BORROWINGS</b>		
Annuity Loans - At amortised cost	5,807,243	6,687,162
Capitalised Lease Liability - At amortised cost	977,377	1,977,716
	<b>6,784,620</b>	<b>8,664,880</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(1,502,533)</b>	<b>(1,880,261)</b>
Annuity Loans - At amortised cost	(613,237)	(879,920)
Capitalised Lease Liability - At amortised cost	(889,297)	(1,000,341)
	<b>5,282,087</b>	<b>6,784,619</b>
<b>Total Long-term Borrowings</b>	<b>5,282,087</b>	<b>6,784,619</b>
Annuity loans at amortised cost is calculated at 6.75%-10.90% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The DBSA loans are secured by purchase of office space (R2 800 000) and Mortgage Bond (R1 600 000).		
Finance lease loans at amortised cost is calculated at 10.5% interest rate, with the last maturity date of 31th July 2022. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.		
<b>13.1</b> The obligations under annuity loans are scheduled below:	2021 R	2020 R
	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	1,194,871	1,517,283
Payable within two to five years	4,335,847	4,631,587
Payable after five years	3,146,781	4,045,861
	8,677,499	10,194,731
<b>Less:</b> Future finance obligations	(2,870,255)	(3,507,569)
<b>Present value of annuity loans obligations</b>	<b>5,807,243</b>	<b>6,687,162</b>
<b>13.2</b> The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	947,783	1,158,221
Payable within two to five years	89,850	1,037,633
Payable after five years	-	-
	1,037,633	2,195,854
<b>Less:</b> Future finance obligations	(60,256)	(218,136)
<b>Present value of finance lease obligations</b>	<b>977,377</b>	<b>1,977,716</b>
The capitalised lease liability consist out of the following contracts:		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Supplier	Description of leased item	Registration	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Bidvest Bank	Ldv Isuzu KB250D Fleetside	CZ 3524	10.50%	0%	3 Years	30/10/2021
Bidvest Bank	Ldv Isuzu KB250D Fleetside	CZ 8340	10.50%	0%	3 Years	30/10/2021
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901293	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901494	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901485	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901488	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901302	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901295	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901292	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901449	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901487	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901484	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901470	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901291	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901299	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901489	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901298	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901486	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901493	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918PA00934	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901495	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901301	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901296	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901490	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901297	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901294	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy MP301 SPF Mono MFP	W918P901300	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900044	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900077	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810435	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810157	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910385	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810438	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810598	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810427	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810097	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810684	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910379	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810710	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810151	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC 6503 SP	C068CC30004	10.50%	0%	3 Years	31/07/2022
Bidvest Bank	Cherry Picker	CZ9382	10.50%	0%	3 Years	30/06/2022
Epsra	Sedan Elise	CZ10906	10.25%	0%	3 Years	28/02/2022

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

	2021 R	2020 R
<b>14. NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Landfill-sites	14,216,167	19,155,528
<b>Total Non-current Provisions</b>	<b>14,216,167</b>	<b>19,155,528</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>14.1 Landfill Sites</b>		
Balance 1 July	26,165,475	26,000,360
Increase due to re-measurement	(13,140,287)	(1,639,548)
Unwinding of discounted interest	1,190,979	1,804,664
Expenditure for the year	-	-
<b>Total provision 30 June</b>	<b>14,216,167</b>	<b>26,165,475</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 17	-	(7,009,947)
<b>Balance 30 June</b>	<b>14,216,167</b>	<b>19,155,528</b>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Licence type	G.C.B-	G.C.B-	G.C.B-	G.C.B-
Preliminary and General (Rand)	2,524,513	438,270	741,635	313,350
Site Clearance and Preparation (R2.95/m <sup>2</sup> )	59,961	7,394	16,010	5,900
Storm Water Control Measures (Rand)	1,912,623	901,442	1,092,209	571,329
Capping (Rand)	11,696,495	1,514,193	3,184,273	1,185,872
Leachate Management (Rand)	619,958	333,510	380,439	204,304
Fencing (Rand)	1,658,612	12,066	12,066	12,066
<b>Discount Rate used</b>			<b>2021 %</b>	<b>2020 %</b>
Beaufort West			10.491%	8.008%
Merweville			10.389%	9.260%
Murraysburg			7.727%	4.760%
Nelspoort			10.503%	10.436%

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

In terms of the licensing of the landfill-sites, the municipality will incur licensing and rehabilitation costs of R14 216 167 (2020: R26 165 475) to restore the sites at the end of their useful lives. Provision has been made for the net present value of the future cost, using the government bond rate that is regarded as a risk-free rate and the average Consumer Price Index from June 2020 to June 2021.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m <sup>2</sup> )	43,965	6,011	13,016	4,797
Environmental Authorisation (Closure Licence) (Rand)	445,500	445,500	445,500	445,500
Technical ROD (Rand)	195,000	195,000	195,000	195,000
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	204,721	180,275	201,371	155,805
Landscape Architects (Rand)	130,865	130,195	131,617	131,630
Water use licence (Rand)	35,000	35,000	35,000	35,000
Topographical Survey (Rand)	16,317	6,750	6,750	6,750
Contingencies (Rand)	1,847,216	320,688	542,663	229,282
Engineering: Professional Fees (Rand)	1,976,071	432,828	725,835	312,172
Site Supervision (Engineer's Representative) (Rand)	459,806	142,203	207,095	111,582
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	27,859	28,985	64,424	52,961

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows per expert report:

Location	Estimated decommission	2021 R	2020 R
Beaufort West	2049	93,091,716	23,472,312
Murraysburg	2027	10,690,381	7,009,947
Nelspoort	2045	16,491,858	9,814,770
Merweville	2083	81,245,398	5,735,229
		<b>201,519,354</b>	<b>46,032,257</b>

15. NON-CURRENT EMPLOYEE BENEFITS

	2021 R	2020 R
Post Retirement Benefits	21,994,000	23,807,000
Long Service Awards	5,419,000	4,629,000
Pension Murraysburg	27,311	27,311
<b>Total Non-current Employee Benefits</b>	<b>27,440,311</b>	<b>28,463,311</b>

Post Retirement Health Care Benefits

	2021 R	2020 R
Balance 1 July	25,068,000	27,170,813
Contribution for the year	3,431,000	3,481,448
Expenditure for the year	(1,183,953)	(1,179,490)
Actuarial Loss/(Gain)	(4,083,047)	(4,404,771)
<b>Total provision 30 June</b>	<b>23,232,000</b>	<b>25,068,000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	<b>(1,238,000)</b>	<b>(1,261,000)</b>
<b>Balance 30 June</b>	<b>21,994,000</b>	<b>23,807,000</b>

Pension Murraysburg

	2021 R	2020 R
Balance 1 July	27,311	27,311
Expenditure for the year	-	-
<b>Total provision 30 June</b>	<b>27,311</b>	<b>27,311</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	<b>-</b>	<b>-</b>
<b>Balance 30 June</b>	<b>27,311</b>	<b>27,311</b>

Long Service Awards

	2021 R	2020 R
Balance 1 July	5,728,000	5,206,654
Contribution for the year	819,000	877,245
Expenditure for the year	(618,807)	(998,344)
Actuarial Loss/(Gain)	(6,193)	642,445
<b>Total provision 30 June</b>	<b>5,922,000</b>	<b>5,728,000</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	<b>(503,000)</b>	<b>(1,099,000)</b>
<b>Balance 30 June</b>	<b>5,419,000</b>	<b>4,629,000</b>

**TOTAL NON-CURRENT EMPLOYEE BENEFITS**

	2021 R	2020 R
Balance 1 July	30,823,311	32,404,778
Contribution for the year	4,250,000	4,358,693
Expenditure for the year	(1,802,760)	(2,177,834)
Actuarial Loss/(Gain)	(4,089,240)	(3,762,328)
<b>Total employee benefits 30 June</b>	<b>29,181,311</b>	<b>30,823,311</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 18	<b>(1,741,000)</b>	<b>(2,360,000)</b>
<b>Balance 30 June</b>	<b>27,440,311</b>	<b>28,463,311</b>

<b>15.1 Provision for Post Retirement Health Care Benefits</b>		<b>2021</b>		<b>2020</b>
		<b>R</b>		<b>R</b>
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:				
In-service (employee) members		64		61
In-service (employee) non-members		341		340
Continuation members (e.g. Retirees, widows, orphans)		31		32
<b>Total Members</b>		<b>436</b>		<b>433</b>

The liability in respect of past service has been estimated to be as follows:

		<b>2021</b>		<b>2020</b>
		<b>R</b>		<b>R</b>
In-service members		7,833,000		6,533,000
In-service non-members		5,046,000		4,534,000
Continuation members (e.g. Retirees, widows, orphans)		10,353,000		14,001,000
<b>Total Liability</b>		<b>23,232,000</b>		<b>25,068,000</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

		<b>2019</b>		<b>2018</b>		<b>2017</b>
		<b>R</b>		<b>R</b>		<b>R</b>
In-service members		6,819,796		8,681,567		10,352,558
In-service non-members		4,859,847		3,168,082		3,028,138
Continuation members		15,391,170		14,228,180		12,687,964
<b>Total Liability</b>		<b>27,170,813</b>		<b>26,077,829</b>		<b>26,068,660</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Hommed
- LA Health
- Key Health, and
- SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R982,000 whereas the Interest Cost for the next year is estimated to be R2,471,000.

Key actuarial assumptions used:

		<b>2021</b>		<b>2020</b>
		<b>%</b>		<b>%</b>
<b>i) Rate of interest</b>				
Discount rate		11.93%		10.26%
CPI		7.56%		5.33%
Health Care Cost Inflation Rate		8.56%		6.33%
Net Effective Discount Rate		3.10%		3.70%
<b>ii) Mortality during employment</b>				
SA85-90 table, adjusted for female lives.				
<b>iii) Mortality rates post employment</b>				
The PA 90 ultimate mortality table.				
<b>iv) Normal retirement age</b>				
The normal retirement age is 65 for males and 60 for females.				
<b>v) Average retirement age</b>				
It has been assumed that in-service members will retire at age 62 for males and 59 for females, which then implicitly allows for expected rates of early and ill-health retirement.				

**vii) Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement**

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme by retirement (should they not exit employment before then) and continue with the subsidy at and after retirement.

**viii) Proportion with a spouse dependant at retirement**

It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.

**b) Withdrawal from Service**

Valuation: 30 June 2021

<b>Age</b>	<b>Females</b>		<b>Males</b>	
20 - 24	24%		16%	
25 - 29	18%		12%	
30 - 34	15%		10%	
35 - 39	10%		8%	
40 - 44	6%		6%	
45 - 49	4%		4%	
50 - 54	2%		2%	
55 - 59	1%		1%	
60+	0%		0%	

	2021 R	2020 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	23,232,000	25,068,000
<b>Net liability/(asset)</b>	<b>23,232,000</b>	<b>25,068,000</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>Reconciliation of present value of fund obligation:</b>		
Present value of fund obligation at the beginning of the year	25,068,000	27,170,813
Total expenses	2,247,047	2,301,958
Current service cost	922,000	998,295
Interest Cost	2,509,000	2,483,153
Benefits Paid	(1,183,953)	(1,179,490)
Actuarial (gains)/losses	(4,083,047)	(4,404,771)
Present value of fund obligation at the end of the year	23,232,000	25,068,000
<b>Less:</b> Transfer of Current Portion - Note 18	<b>(1,238,000)</b>	<b>(1,261,000)</b>
<b>Balance 30 June</b>	<b>21,994,000</b>	<b>23,807,000</b>

**Sensitivity Analysis on the Accrued Liability on 30 June 2021**

Assumption	Total liability (Rm)
Central Assumptions	23,232,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Total liability (Rm)
Health care inflation	1%	26,343,000
Health care inflation	-1%	20,637,000
Discount rate	1%	23,320,000
Discount rate	-1%	23,146,000
Post-retirement mortality	20%	21,615,000
Post-retirement mortality	-20%	25,224,000
Average retirement age	-1 year	24,779,000
Average retirement age	1 year	21,810,000
Continuation of membership at retirement	-10%	21,944,100

**Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022**

Assumption	Total (R)
Central Assumptions	3,431,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)
Health care inflation	1%	1,176,000	2,813,000	3,989,000
Health care inflation	-1%	827,000	2,185,000	3,012,000
Discount rate	-1%	977,000	2,207,000	3,184,000
Discount rate	1%	988,000	2,738,000	3,726,000
Post-retirement mortality	-20%	1,068,000	2,688,000	3,756,000
Post-retirement mortality	20%	911,000	2,294,000	3,205,000
Average retirement age	(1 year)	1,080,000	2,637,000	3,717,000
Average retirement age	1 year	879,000	2,317,000	3,196,000
Continuation of membership at retirement	-10%	883,800	2,329,000	3,212,800
				<b>2021</b>
				<b>2020</b>

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(4,083,047)	665,000
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2019	2018	2017
Liabilities: (Gain) / loss	353,000	(698,000)	(18,000)
Assets: Gain / (loss)	-	-	-

<b>15.2 Provision for Long Service Bonuses</b>		<b>2021</b>		<b>2020</b>
		<b>R</b>		<b>R</b>
The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.		404		402

The Current-service Cost for the ensuing year is estimated to be R472 000 whereas the Interest Cost for the next year is estimated to be R403 000.

Key actuarial assumptions used:		<b>2021</b>		<b>2020</b>
		<b>%</b>		<b>%</b>

i) <b>Rate of interest</b>				
Discount rate		8.84%		7.13%
General Salary Inflation (long-term)		6.76%		3.81%
CPI		5.76%		2.81%
Net Effective Discount Rate applied to salary-related Long Service Bonuses		1.95%		3.20%

ii) **Mortality during employment**  
SA85-90 ultimate table, adjusted down for female lives.

iii) **Average retirement age**  
It has been assumed that male employees will retire at age 62 and female employees will retire at age 59.

iv) <b>Withdrawal rates</b>		
Valuation: 30 June 2021		
Age	Females	Males
20 - 24	24%	16%
25 - 29	18%	12%
30 - 34	15%	10%
35 - 39	10%	8%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60+	0%	0%

v) **Normal retirement age**  
The normal retirement age is 65 for all employees

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

		<b>2021</b>		<b>2020</b>
		<b>R</b>		<b>R</b>
Present value of fund obligations		5,922,000		5,728,000
Fair value of plan assets		-		-
		<hr/>		<hr/>
		5,922,000		5,728,000
Unrecognised past service cost		-		-
Unrecognised actuarial gains/(losses)		-		-
Present value of unfunded obligations		-		-
		<hr/>		<hr/>
<b>Net liability/(asset)</b>		<b>5,922,000</b>		<b>5,728,000</b>
		<hr/>		<hr/>
		<b>2021</b>		<b>2020</b>
		<b>R</b>		<b>R</b>
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year		5,728,000		5,206,654
Total expenses		200,193		(121,099)
Current service cost		449,000		471,316
Interest Cost		370,000		405,929
Benefits Paid		(618,807)		(698,344)
Actuarial (gains)/losses		(6,193)		642,445
Present value of fund obligation at the end of the year		<hr/>		<hr/>
		5,922,000		5,728,000
<b>Less:</b> Transfer of Current Portion - Note 18		(503,000)		(1,099,000)
<b>Balance 30 June</b>		<hr/> <b>5,419,000</b> <hr/>		<hr/> <b>4,629,000</b> <hr/>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

		<b>2019</b>	<b>2018</b>	<b>2017</b>
		<b>R</b>	<b>R</b>	<b>R</b>
Present value of fund obligations		4,733,313	4,423,987	4,273,463
<b>Total Liability</b>		<b>4,733,313</b>	<b>4,423,987</b>	<b>4,273,463</b>

**Sensitivity Analysis on the Accrued Liability on 30 June 2021**

<b>Assumption</b>	<b>Change</b>		<b>Liability</b>	
Central assumptions			5,922,000	
General earnings inflation	1%		6,336,000	
General earnings inflation	-0.01		5,547,000	
Discount rate	1%		5,562,000	
Discount rate	-0.01		6,327,000	
Average retirement age	1 year		6,226,000	
Average retirement age	(1 year)		5,560,000	
Withdrawal rates	-0.2		5,975,000	
Withdrawal rates	0.2		5,870,000	

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2022

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions		472,000	403,000	875,000
General earnings inflation	1%	512,000	433,000	945,000
Discount rate	-1%	436,000	375,000	811,000
Average retirement age	1 yrs	493,000	425,000	918,000
Withdrawal Rate	20%	468,000	399,000	867,000

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	-6,193	875,445
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2019 Rm	2018 Rm	2017 Rm
Liabilities: (Gain) / loss			
Assets: Gain / (loss)	267,841	263,943	540,601

15.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

**CAPE JOINT RETIREMENT FUND**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund has a funding level of 100,5% (30 June 2019 - 100,3%).

Contributions paid recognised in the Statement of Financial Performance

2021 R	2020 R
12,229,789	11,066,745

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100,0% (30 June 2019 - 100,7%).

Contributions paid recognised in the Statement of Financial Performance

2021 R	2020 R
44,232	82,224

**SALA PENSION FUND**

The contribution rate payable is 8,60% by members and 20,78% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 100% (30 June 2015 - 100%). funding level, provided that the previous statutory valuation reflected at least a 100% funding level.

Contributions paid recognised in the Statement of Financial Performance

2021 R	2020 R
1,054,894	1,053,570

**MUNICIPAL RETIREMENT WORKERS FUND**

Council contribute to the Municipal Retirement Workers Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. The contribution rate paid by the members (9,0%) and Council (18,0%).

Contributions paid recognised in the Statement of Financial Performance

2021 R	2020 R
600,151	579,580

**16. CONSUMER DEPOSITS**

	2021 R	2020 R
Electricity	1,599,100	1,512,733
Rental Properties	114,826	103,283
Water	277,527	273,464
Posters	1,439,885	9,575
Refuse	27,549	-
<b>Total Consumer Deposits</b>	<b>3,458,886</b>	<b>1,899,055</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

For guarantees held in lieu of electricity and water deposits refer to note 58

**17. PROVISIONS**

	2021 R	2020 R
Current Portion of Rehabilitation of Landfill Sites - Note 14	-	7,009,947
<b>Total Provisions</b>	<b>-</b>	<b>7,009,947</b>

The movement in current provisions are reconciled as follows:

**17.1 Rehabilitation of Landfill Sites**

	2021 R	2020 R
Balance at beginning of year	7,009,947	6,170,078
Transfer to non-current	(7,009,947)	-
Contribution to provision	-	839,869
Balance at end of year	<b>-</b>	<b>7,009,947</b>

**18. CURRENT EMPLOYEE BENEFITS**

	2021 R	2020 R
Performance Bonuses	394,028	773,987
Staff Bonuses	3,465,367	3,270,317
Staff Leave	9,301,529	8,043,748
Current Portion of Non-Current Provisions	1,741,000	2,360,000
Current Portion of Post Retirement Benefits - Note 15	1,238,000	1,261,000
Current Portion of Long-Service Provisions - Note 15	503,000	1,099,000
<b>Total Provisions</b>	<b>14,901,924</b>	<b>14,448,052</b>

The movement in current provisions are reconciled as follows:

**18.1 Performance Bonuses**

	2021 R	2020 R
Balance at beginning of year	773,987	639,426
Contribution to current portion	122,447	134,561
Expenditure incurred	(502,406)	-
Balance at end of year	<b>394,028</b>	<b>773,987</b>

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

**18.2 Staff Bonuses**

	2021 R	2020 R
Balance at beginning of year	3,270,317	3,039,026
Contribution to current portion	6,233,756	5,681,265
Expenditure incurred	(6,038,705)	(5,449,974)
Balance at end of year	<b>3,465,368</b>	<b>3,270,317</b>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

**18.3 Staff Leave**

	2021 R	2020 R
Balance at beginning of year	8,043,748	6,631,249
Contribution to current portion	1,500,624	2,240,875
Expenditure incurred	(242,942)	(628,376)
Balance at end of year	<b>9,301,529</b>	<b>8,043,748</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

	2021 R	2020 R
<b>19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivable accounts with credit balances	4,074,968	3,494,974
Retentions	2,053,822	1,415,789
Sundry creditors	4,312,681	2,472,963
Sundry deposits	1,833,464	1,833,464
Trade Payables	93,091,896	55,111,567
<b>Total Trade Payables</b>	<b>105,366,831</b>	<b>64,328,757</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

	2021 R	2020 R
<b>20. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	5,789,813	13,118,499
National Government Grants	345,762	3,702,092
Provincial Government Grants	5,044,051	9,016,408
District Municipality	400,000	400,000
<b>Less: Unpaid Transfers and Subsidies</b>	<b>-</b>	<b>-</b>
<b>Total Unspent Transfers and Subsidies</b>	<b>5,789,813</b>	<b>13,118,499</b>
Amount available in short term investment deposits	6,156,729	2,743,458
<b>Available Cash for Unspent Conditional Grants and Receipts</b>	<b>6,156,729</b>	<b>2,743,458</b>

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

	2021 R	2020 R
<b>21. TAXES</b>		
<b>21.1 Net VAT (Payable)/Receivable</b>	<b>9,826,506</b>	<b>9,071,155</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

	2021 R	2020 R
<b>22. SHORT-TERM BORROWINGS</b>		
The Municipality has no short term borrowings.	-	-

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>23. NET ASSET RESERVES</b>		
<b>RESERVES</b>	4,104,345	4,104,345
Housing Development Fund	3,789,518	3,789,518
Self Insurance Reserve	314,827	314,827
<b>Total Net Asset Reserve and Liabilities</b>	<b>4,104,345</b>	<b>4,104,345</b>

23.1 The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.

23.2 The Self Insurance Reserve is used to finance future insurance claims.

The above balances are represented by cash of R4 393,26 for the current year and R4 393,26 (2020) and is invested together with the other investments of the municipality (See Note 47)

	2021 R	2020 R
<b>24. PROPERTY RATES</b>		
<b>Valuations - 1 July 2020</b>		
<b>Rateable Land and Buildings</b>	5,048,439,510	5,055,623,700
Business and Commercial Property	398,435,010	384,308,000
Municipal Properties	168,373,000	191,152,000
National Monument Properties	5,870,000	5,870,000
Public Service Infrastructure Properties	735,000	2,301,000
Residential Properties	1,245,282,000	1,247,873,200
State-owned Properties	164,344,000	262,758,000
Agricultural Property	2,889,021,500	2,781,883,500
Other Categories	176,379,000	179,678,000
<b>Total Property Rates</b>	<b>5,048,439,510</b>	<b>5,055,623,700</b>

**Actual**

	2021 R	2020 R
<b>Rateable Land and Buildings</b>	49,578,864	51,272,654
Business and Commercial Property	10,428,598	9,795,988
National Monument Properties	148,412	149,685
Public Service Infrastructure Properties	-	4,142
Residential Properties	21,609,625	22,614,690
State-owned Properties	5,086,214	6,700,052
Agricultural Property	12,306,016	10,221,983
Other Categories - church & nature reserve	-	1,026,262
Other Categories - building clause	-	759,853
<b>Less: Revenue Forgone</b>	<b>(7,571,927)</b>	<b>(11,708,456)</b>
<b>Total Assessment Rates</b>	<b>42,006,937</b>	<b>39,564,197</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Basic Rate**

Residential	0.019110c/R	0.0182c/R
Commercial	0.026775c/R	0.02548c/R
Agricultural	0.003780c/R	0.00364c/R
PSI	0.001890c/R	0.0182c/R
State-owned	0.026775c/R	0.02548c/R
National Monuments	0.026775c/R	0.02548c/R

Rates are levied annually and monthly. Monthly rates are payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R19 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2021 R	2020 R
<b>25. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Government Grants and Subsidies - Operating	<b>89,882,461</b>	<b>76,735,370</b>
Equitable Share	77,480,092	62,433,713
Expanded Public Works Programme Integrated Grant	1,767,267	1,568,684
Local Government Financial Management Grant	1,700,000	1,700,000
Provincial Treasury : Financial Management Support Grant	800,000	2,295,884
Department of Local Government Support Grant	102,903	447,097
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	120,730	-
Department of Local Government : Municipal Service Delivery and Capacity Building Grant	-	87,579
Municipal Infrastructure Grant	546,388	698,600
Municipal Infrastructure Grant - PMU	-	-
Libraries, Archives and Museums	5,857,310	5,671,025
Department of Local Government : Municipal Drought Relief Grant	1,153,947	1,232,315
Municipal Disaster Relief Grant	-	287,000
Community Development Workers (CDW) operational support grant	116,212	88,729
Human Settlements - Municipal Accreditation and Capacity Building Grant	237,612	224,744
<b>Government Grants and Subsidies - Capital</b>	<b>22,446,226</b>	<b>27,800,074</b>
Integrated National Electrification Programme Grant	5,180,687	15,354,359
Local Government Financial Management Grant	-	-
Municipal Infrastructure Grant	12,966,896	9,972,265
Department of Local Government : Municipal Drought Relief Grant	4,298,643	2,473,450
<b>Total Government Grants and Subsidies</b>	<b>112,328,687</b>	<b>104,535,444</b>
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Included in above are the following grants and subsidies received:		
<b>Unconditional</b>	<b>73,778,000</b>	<b>59,781,000</b>
Equitable Share	73,778,000	59,781,000
<b>Conditional</b>	<b>31,222,000</b>	<b>52,588,750</b>
Expanded Public Works Programme Integrated Grant	1,859,000	1,924,000
Local Government Financial Management Grant	1,700,000	1,700,000
Provincial Treasury : Financial Management Support Grant	1,000,000	1,955,000
Provincial Treasury : Financial Management Capacity Building Grant	300,000	380,000
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	150,000	-
Libraries, Archives and Museums	6,207,000	5,856,000
Community Development Workers (CDW) operational support grant	206,000	408,000
Integrated National Electrification Programme Grant	5,214,000	15,400,000
Municipal Infrastructure Grant	13,734,000	13,972,000
Department of Local Government : Municipal Drought Relief Grant	600,000	9,518,750
Human Settlements - Municipal Accreditation and Capacity Building Grant	252,000	238,000
Department of Local Government : Local Government Support Grant	-	550,000
Central Karoo District Municipality	-	400,000
Municipal Disaster Relief Fund	-	287,000
<b>Total Government Grants and Subsidies</b>	<b>105,000,000</b>	<b>112,369,750</b>
	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Government Grants and Subsidies - Capital	22,446,226	27,800,074
Government Grants and Subsidies - Operating	89,882,461	76,735,370
	<b>112,328,687</b>	<b>104,535,444</b>

**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	77,480,092	62,433,713
Executive and Council	5,671,705	4,616,169
Community and social services	7,898,501	6,671,112
Finance and administration	2,500,000	3,995,884
Planning and development	546,388	698,600
Road transport	4,322,214	3,821,817
Sport and recreation	-	1,326,358
Housing	237,612	224,744
Energy sources	5,180,687	19,896,281
Water management	8,491,488	850,766
<b>Total Government Grants and Subsidies</b>	<b>112,328,687</b>	<b>104,535,442</b>

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>25.1 National Grants</b>		
Opening balance	3,702,092	2,652,714
Grants received	98,285,000	93,054,000
Conditions met - Own Income	(2,510,704)	(3,420,111)
Conditions met - Operating	(81,339,593)	(66,538,164)
Conditions met - Capital	(15,791,033)	(22,056,347)
Conditions still to be met	<b>345,762</b>	<b>3,702,092</b>

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>25.2 Provincial Grants</b>		
Opening balance	9,016,409	3,630,324
Grants received	8,715,000	18,905,750
Repaid to National Revenue Fund	-	(998,845)
Conditions met - Own Income	(676,757)	(739,569)
Conditions met - Operating	(8,272,650)	(9,630,425)
Conditions met - Capital	(3,737,950)	(2,150,826)
Conditions still to be met	<b>5,044,052</b>	<b>9,016,409</b>

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>25.3 District Grants</b>		
Grants received	-	400,000
Conditions still to be met	<b>400,000</b>	<b>400,000</b>

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>25.4 Equitable Share</b>		
Grants received	73,778,000	59,781,000
Transfer from Municipal Infrastructure Grant and EPWP	3,702,092	2,652,713
Conditions met - Operating	(77,480,092)	(62,433,713)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.

All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned

See Appendix E & note 20 for a reconciliation of all grants.

	<b>2021</b>	<b>2020</b>
	<b>R</b>	<b>R</b>
<b>25.5 Local Government Financial Management Grant</b>		
Grants received	1,700,000	1,700,000
Conditions met - Own Income	(154,154)	(143,790)
Conditions met - Operating	(1,545,846)	(1,556,210)
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

	2021 R	2020 R
<b>25.6 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	3,301,135	2,652,714
Grants received	13,734,000	13,972,000
Transfer to equitable share	(3,301,135)	(2,652,713)
Conditions met - Own Income	(1,689,899)	(1,271,233)
Conditions met - Operating	(546,388)	(694,902)
Conditions met - Capital	(11,286,087)	(8,704,731)
Conditions still to be met	<u>220,717</u>	<u>3,301,135</u>
<i>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</i>		
	2021 R	2020 R
<b>25.7 Integrated National Electrification Grant</b>		
Opening balance	45,642	-
Grants received	5,214,000	15,400,000
Transfer to equitable share	(45,641)	-
Conditions met - Own Income	(675,742)	(2,002,742)
Conditions met - Operating	-	-
Conditions met - Capital	(4,504,946)	(13,351,616)
Conditions still to be met	<u>33,313</u>	<u>45,642</u>
<i>The National Electrification Grant was used for electrical connections in previously disadvantaged areas.</i>		
	2021 R	2020 R
<b>25.8 Expanded Public Works Programme Integrated Grant</b>		
Opening balance	355,315	-
Grants received	1,859,000	1,924,000
Transfer to equitable share	(355,316)	-
Conditions met - Own Income	-	(2,346)
Conditions met - Operating	(1,767,267)	(1,566,339)
Conditions still to be met	<u>91,733</u>	<u>355,315</u>
<i>To provide funding for job creation in specific focus areas.</i>		
	2021 R	2020 R
<b>25.9 Human settlements development grant (Beneficiaries) - Housing</b>		
Opening balance	710	710
Conditions still to be met	<u>710</u>	<u>710</u>
<i>The Housing grant was utilised for the development of erven and the erection of top structures.</i>		

	2021 R	2020 R
<b>25.10 Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)</b>		
Opening balance	203,871	203,871
Conditions still to be met	<u>203,871</u>	<u>203,871</u>
<i>To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.</i>		
	2021 R	2020 R
<b>25.11 Human Settlements Development Grant - Title Deeds Restoration</b>		
Opening balance	705,775	705,775
Conditions still to be met	<u>705,775</u>	<u>705,775</u>
<i>To assist with the registration backlog in terms of housing provided.</i>		
	2021 R	2020 R
<b>25.12 Human Settlements - Municipal Accreditation and Capacity Building Grant</b>		
Opening balance	143,889	130,633
Grants received	252,000	238,000
Conditions met - Operating	(237,612)	(224,744)
Conditions still to be met	<u>158,277</u>	<u>143,889</u>
<i>The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months.</i>		
	2021 R	2020 R
<b>25.13 Provincial Treasury : Financial Management Capacity Building Grant</b>		
Opening balance	980,000	732,357
Grants received	300,000	380,000
Repaid to National Revenue Fund	-	(132,357)
Conditions still to be met	<u>1,280,000</u>	<u>980,000</u>
<i>To develop financial human capacity within the municipal area to enable a sustainable local financial skills pipeline that is responsive to the municipalities requirement to enable sound and sustainable financial management and good financial governance.</i>		
	2021 R	2020 R
<b>25.14 Provincial Treasury : Financial Management Support Grant</b>		
Opening balance	0	574,355
Grants received	1,000,000	1,955,000
Repaid to National Revenue Fund	-	(233,471)
Conditions met - own income	(104,348)	(239,178)
Conditions met - Operating	(695,652)	(2,056,707)
Conditions still to be met	<u>200,000</u>	<u>0</u>
<i>To provide financial assistance to the municipality to improve overall financial governance. The grant was used for revenue enhancement and asset verifications.</i>		
	2021 R	2020 R
<b>25.15 Department of Cultural Affairs and Sport : Library Service: Replacement Funding</b>		
Opening balance	530,968	345,993
Grants received	6,207,000	5,856,000
Conditions met - Operating	(5,857,210)	(5,871,025)
Conditions still to be met	<u>890,658</u>	<u>530,968</u>
<i>To support municipal investment in library services and sustain the future professional delivery and development of library services.</i>		

	2021 R	2020 R
<b>25.16 Department of Cultural Affairs and Sport : Development of Sport and Recreation Facilities</b>		
Opening balance	-	550,866
Repaid to National Revenue Fund	-	(550,866)
Conditions still to be met	-	-
	-	-
<i>Provision of Sport and Recreation facilities in especially previously disadvantage areas.</i>		
	-	-
<b>25.17 Department of Local Government : Fire Service Capacity Building Grant</b>		
Opening balance	154,074	154,074
Conditions still to be met	154,074	154,074
	154,074	154,074
<i>To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.</i>		
	154,074	154,074
<b>25.18 Department of Local Government : Community Development Workers (CDW) Operational Support Grant</b>		
Opening balance	125,496	(193,775)
Grants received	206,000	408,000
Conditions met - own income	-	(2,380)
Conditions met - Operating	(116,212)	(86,348)
Conditions still to be met	215,284	125,496
	215,284	125,496
<i>To provide financial assistance to the municipality to cover operational and capital costs pertaining to line functions of community development workers including supervisors and regional coordinators.</i>		
	215,284	125,496
<b>25.19 Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)</b>		
Opening balance	73,517	73,517
Grants received	150,000	-
Conditions met - own income	(11,717)	-
Conditions met - Operating	(109,013)	-
Conditions still to be met	102,787	73,517
	102,787	73,517
<i>To provide financial assistance to the municipality, ensuring the financial sustainability to the Thusong Service Centre.</i>		
	102,787	73,517
<b>25.20 Department of Local Government : Municipal Drought Relief Grant</b>		
Opening balance	5,978,107	165,122
Grants received	600,000	9,518,750
Conditions met - own income	(560,693)	(498,013)
Conditions met - Operating	(1,153,947)	(1,056,928)
Conditions met - Capital	(3,737,950)	(2,150,826)
Conditions still to be met	1,125,517	5,978,107
	1,125,517	5,978,107
<i>Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.</i>		
	1,125,517	5,978,107
<b>25.21 Department of Local Government : Municipal Service Delivery and Capacity Building Grant</b>		
Opening balance	(0)	169,730
Repaid to National Revenue Fund	-	(82,152)
Conditions met - Operating	-	(87,579)
Conditions still to be met	-	(0)
	-	(0)
<i>To provide financial assistance to the muni+B4389cipalities to improve infrastructure, systems, structures, corporate governance and service delivery.</i>		
	-	(0)
<b>25.22 Fire and Drought Relief</b>		
Opening balance	17,097	17,097
Conditions still to be met	17,097	17,097
	17,097	17,097
<i>To assist with the impact of climate change in the province.</i>		
	17,097	17,097

	2021 R	2020 R
<b>25.23 Municipal Disaster Relief Grant</b>		
Grants received	-	287,000
Conditions met - Operating	-	(287,000)
Conditions still to be met	-	-
<i>To provide relief with declaration of National state of disaster</i>		
	<b>2021 R</b>	<b>2020 R</b>
<b>25.24 Local Government Support Grant</b>		
Opening balance	102,903	-
Grants received	-	550,000
Conditions met - Operating	(102,903)	(447,097)
Conditions still to be met	-	102,903
<i>To provide financial assistance to district municipalities to perform the administrative and monitoring role, including data management relating to humanitarian relief</i>		
<b>25.25 Central Karoo District Municipality</b>		
Grants received	-	400,000
Conditions still to be met	400,000	400,000
<i>To provide safety response measures with regards to COVID 19 pandemic</i>		
	<b>2021 R</b>	<b>2020 R</b>
<b>25.26 Total Grants</b>		
Opening balance	13,118,499	6,283,039
Grants received	105,000,000	112,369,750
Repaid to National Revenue Fund	-	(998,846)
Conditions met - own income	-	(4,159,881)
Conditions met - Operating	(3,187,462)	(76,168,589)
Conditions met - Capital	(19,528,983)	(24,207,173)
Conditions still to be met/(Grant expenditure to be recovered)	5,789,813	13,118,499
	<b>2021 R</b>	<b>2020 R</b>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	5,789,813	13,118,499
Unpaid Conditional Government Grants and Receipts	-	-
<b>Total</b>	<b>5,789,813</b>	<b>13,118,499</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>26. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
The Sport trust	-	1,258,939
<b>Total Contributed Property, Plant and Equipment</b>	-	1,258,939
	<b>2021 R</b>	<b>2020 R</b>
<b>27. LICENCES AND PERMITS</b>		
Road and Transport	133,869	229,928
<b>Total Licences and Permits</b>	<b>133,869</b>	<b>229,928</b>
	<b>2021 R</b>	<b>2020 R</b>
<u>Disclosed as follows:</u>		
Revenue from Non-Exchange Transactions	64,859	20,618
Revenue from Exchange Transactions	69,010	209,310
<b>Total Licences and Permits</b>	<b>133,869</b>	<b>229,928</b>

	2021 R	2020 R
<b>28. SERVICE CHARGES</b>		
<b>Electricity</b>	<b>70,631,191</b>	<b>82,028,286</b>
Service Charges	78,045,342	87,797,997
Less: Revenue Forgone	(7,414,151)	(5,769,711)
	<b>23,747,183</b>	<b>19,492,272</b>
<b>Water</b>		
Service Charges	37,365,541	31,631,002
Less: Revenue Forgone	(13,618,358)	(12,138,730)
	<b>9,195,524</b>	<b>8,659,221</b>
<b>Waste Management</b>		
Service Charges	11,493,086	10,569,296
Less: Revenue Forgone	(2,297,562)	(1,910,075)
	<b>17,566,398</b>	<b>16,588,827</b>
<b>Waste Water Management</b>		
Service Charges	23,700,977	21,583,002
Less: Revenue Forgone	(6,134,579)	(4,994,175)
<b>Total Service Charges</b>	<b>121,140,296</b>	<b>126,768,606</b>
Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
Balance previously reported		125,252,916
Reclassification - note 44.7		1,515,690
<b>Restated balance</b>		<b>126,768,606</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>29. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Application Fees for Land Usage	-	62,092
Building Plan Approval	90,612	74,516
Cemetery and Burial	207,347	258,741
Cleaning and Removal	52,140	940
Clearance Certificates	29,205	30,884
Drainage Fees	640	-
Encroachment Fees	916	797
Entrance Fees	-	28,802
Membership Fees	10,252	-
Photocopies and Faxes	48,800	10,981
Sale of Goods	501,261	127,415
Valuation Services	35,048	13,136
<b>Total Sales of Goods and Rendering of Services</b>	<b>976,221</b>	<b>608,304</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>30. RENTAL FROM FIXED ASSETS</b>		
Investment Property	1,014,425	939,147
Property, Plant and Equipment	392,714	438,565
<b>Total Rental from Fixed Assets</b>	<b>1,407,138</b>	<b>1,377,712</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>31. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	191,990	283,539
<b>Total Interest Earned - External Investments</b>	<b>191,990</b>	<b>283,539</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>32. INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Trade Receivables	9,576,140	3,492,780
<b>Total Interest Earned - Outstanding Receivables</b>	<b>9,576,140</b>	<b>3,492,780</b>

	2021 R	2020 R
<b>33. OPERATIONAL REVENUE</b>		
Administrative Handling Fees and Photocopies	831,777	694,375
Breakages and Losses Recovered	403	-
Commission of insurances	-	118,510
Discounts and Early Settlements	-	55,573
Incidental Cash Surpluses	99,077	9,864
Inspection Fees	588	5,069
Insurance Refund	116,145	10,305
Registration Fees	167,158	134,747
Request for Information	26,668	-
Staff Recoveries	71,672	183,411
Sale of Property	188,984	78,865
<b>Total Operational Revenue</b>	<b>1,502,473</b>	<b>1,290,717</b>

	2021 R	2020 R
<b>34. EMPLOYEE RELATED COSTS</b>		
Acting Allowance	1,800,467	1,985,291
Basic Salaries and Wages	88,133,772	81,294,247
Bargaining council	49,104	46,181
Bonuses	6,233,756	5,681,265
Cell Phone Allowance	378,065	247,373
Essential users	12,327	2,331,071
Group Insurance	73,408	42,867
Housing Allowances	985,727	941,904
Medical Aid Contributions	1,994,637	1,847,245
Overtime	4,180,465	5,375,918
Payments in lieu of leave	1,482,900	2,240,875
Pension and UIF Contributions	14,570,361	13,201,932
Performance bonus	122,447	134,561
Scarcity allowance	289,641	246,765
Standby Allowances	2,577,819	2,372,578
Transport Allowances	2,662,065	406,039
Uniform Allowance	130,000	101,631
Post retirement obligations	1,373,134	1,469,611
Current Service Cost - Long Service Awards - Note 15.2	450,500	471,316
Current Service Cost - Medical - Note 15.1	922,634	998,295
<b>Total Employee Related Costs</b>	<b>127,050,095</b>	<b>119,967,352</b>

**KEY MANAGEMENT PERSONNEL**

The Municipal Manager and the directors directly accountable to the Municipal Manager are appointed on a fixed five year contract. The Director Corporate services are permanently employed. There are no post-employment or termination benefits payable to them at the end of the contract periods.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

**Remuneration of the Municipal Manager - K.Haarhoff**

	2021 R	2020 R
Basic Salary	763,218	1,050,562
Cellular and Telephone Allowance	22,500	30,000
Contributions, Medical and Pension Funds	180,736	202,172
Motor Vehicle Allowance	87,866	103,025
Performance Bonus	145,072	-
<b>Total</b>	<b>1,199,392</b>	<b>1,385,760</b>

Period July 2020 to February 2021

**Remuneration of the Acting Municipal Manager: M.J. Penxa**

	2021 R	2020 R
Basic Salary	447,849	-
Cellular and Telephone Allowance	6,600	-
<b>Total</b>	<b>454,449</b>	<b>-</b>

For period March 2021 to June 2021

**Remuneration of the Chief Financial Officer - Mr B.R Vink**

	2021 R	2020 R
Basic Salary	649,338	-
Cellular and Telephone Allowance	10,500	-
<b>Total</b>	<b>659,838</b>	<b>-</b>

Period July 2020 to December 2020

	2021 R	2020 R
<b>Remuneration of Director : Financial Services: CJ Kymdell</b>		
Acting Allowance	22,875	96,495
Basic Salary	-	678,100
Cellular and Telephone Allowance	-	12,000
Motor Vehicle Allowance	-	64,000
Performance Bonus	0	-
<b>Total</b>	<b>22,875</b>	<b>850,595</b>

Acted for the period March 2021

	2021 R	2020 R
<b>Remuneration of Director : Financial Services: N.Ntsangani</b>		
Basic Salary	158,594	-
Cellular and Telephone Allowance	2,565	-
<b>Total</b>	<b>161,159</b>	<b>-</b>

Period May to June 2021

	2021 R	2020 R
<b>Remuneration of Director : Electrical Services: RE van Staden</b>		
Acting Allowance	-	31,097
Basic Salary	-	206,883
Cellular and Telephone Allowance	-	4,500
Contributions, Medical and Pension Funds	-	45,824
Motor Vehicle Allowance	-	18,000
<b>Total</b>	<b>-</b>	<b>306,304</b>

	2021 R	2020 R
<b>Remuneration of Director: Community Services: M.C Phoshoko</b>		
Basic Salary	150,925	-
Cellular and Telephone Allowance	3,000	-
<b>Total</b>	<b>153,925</b>	<b>-</b>
<b>Remuneration of Director: Financial Services: B.S. Jacobs</b>		
Basic Salary	99,805	-
Payments in lieu of leave	4,550	-
Cellular and Telephone Allowance	1,984	-
<b>Total</b>	<b>106,339</b>	<b>-</b>
<i>Period April 2021</i>		
<b>Remuneration of the Acting Director Community Services: H.T Prince</b>		
Basic Salary	-	209,403
Cellular and Telephone Allowance	-	6,000
Contributions, Medical and Pension Funds	-	59,539
Motor Vehicle Allowance	-	32,000
<b>Total</b>	<b>-</b>	<b>366,943</b>
<i>Acted for the period July 2019 to October 2019.</i>		
<b>Remuneration of the Director Engineering Services: JF Muller</b>		
Acting Allowance	-	-
Basic Salary	-	664,219
Cellular and Telephone Allowance	-	12,000
Contributions, Medical and Pension Funds	-	6,194
Motor Vehicle Allowance	-	48,000
Payments in lieu of leave	-	89,413
<b>Total</b>	<b>-</b>	<b>819,827</b>
<i>JF Muller resigned February 2020. The position was vacant for the period March 2020 to June 2020.</i>		
<b>Remuneration of the Director Corporate Services: AC Makendana</b>		
Acting Allowance	79,583	30,949
Basic Salary	861,986	866,130
Cellular and Telephone Allowance	18,000	18,000
Contributions, Medical and Pension Funds	191,164	187,019
Motor Vehicle Allowance	60,000	60,000
Performance Bonus	119,111	-
<b>Total</b>	<b>1,329,844</b>	<b>1,162,098</b>
<b>Remuneration of Director: Infrastructure Services: D.C. Van Turha</b>		
Basic Salary	807,932	-
Cellular and Telephone Allowance	13,065	-
<b>Total</b>	<b>820,996</b>	<b>-</b>
<i>Acted for the period July 2020 to December 2020. Permanently appointed from May 2021.</i>		
<b>Remuneration of Director: Infrastructure Services: C.B Wright</b>		
Acting Allowance	115,457	-
<i>Acted for the period 25 February 2021 to April 2021.</i>		
<b>TOTAL REMUNERATION OF KEY PERSONNEL</b>		
Acting Allowance	217,915	158,541
Basic Salary	3,039,646	3,735,207
Cellular and Telephone Allowance	78,213	82,500
Contributions, Medical and Pension Funds	371,900	500,750
Motor Vehicle Allowance	147,866	325,025
Payments in lieu of leave	4,550	89,413
Performance Bonus	264,183	-
<b>Total</b>	<b>5,024,273</b>	<b>4,891,526</b>
<b>35. REMUNERATION OF COUNCILLORS</b>		
<b>Total Remuneration of Councillors</b>		
Annual Remuneration	4,869,982	4,810,682
Telephone Allowance	525,600	530,400
Travelling	488,883	517,217
Tools of trade	46,200	46,800
Pension	263,827	350,334
Medical	35,582	30,733
<b>Total</b>	<b>6,228,074</b>	<b>6,286,166</b>
<b>Remuneration of Councillor: Q.Low</b>		
Annual Remuneration	703,036	688,688
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
<b>Total</b>	<b>747,436</b>	<b>733,088</b>
<i>Q.Low was Deputy Mayor for the period 1 June 2019 to 30 June 2019.</i>		
<b>Remuneration of Councillor: S.M. Mokoane</b>		
Annual Remuneration	277,166	458,358
Telephone Allowance	27,200	40,800
Travelling	103,747	165,550
Tools of trade	2,400	3,600
Pension	44,914	64,780
<b>Total</b>	<b>455,427</b>	<b>733,088</b>
<i>S.M Mokoane was a councillor till February 2021</i>		
<b>Remuneration of Councillor: A.M. Stabbert</b>		
Annual Remuneration	204,322	206,942
Telephone Allowance	40,800	40,800
Travelling	68,108	65,488
Tools of trade	3,600	3,600
<b>Total</b>	<b>316,830</b>	<b>316,830</b>
<b>Remuneration of Councillor: D.E. Weigemoed</b>		
Annual Remuneration	243,577	163,676
Telephone Allowance	40,800	40,800
Travelling	87,509	65,488
Tools of trade	3,600	3,600
Pension	-	12,532
Medical	35,582	30,733
<b>Total</b>	<b>411,068</b>	<b>316,830</b>
<b>Remuneration of Councillor: E Wentzel</b>		
Annual Remuneration	236,896	238,262
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
Pension	35,534	34,168
<b>Total</b>	<b>316,830</b>	<b>316,830</b>

<b>Remuneration of Councillor: E Lawrence</b>		
Annual Remuneration	236,896	238,262
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
Pension	35,534	34,168
<b>Total</b>	<b>316,830</b>	<b>316,830</b>
<b>Remuneration of Councillor: O Haarvoor</b>		
Annual Remuneration	272,430	272,430
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
<b>Total</b>	<b>316,830</b>	<b>316,830</b>
<b>Remuneration of Councillor: ZJD Lambert</b>		
Annual Remuneration	330,552	272,430
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
<b>Total</b>	<b>374,952</b>	<b>316,830</b>
<b>Remuneration of Councillor: MA Kilani</b>		
Annual Remuneration	421,074	429,712
Telephone Allowance	40,800	40,800
Travelling	161,412	155,203
Tools of trade	3,600	3,600
Pension	63,161	60,731
<b>Total</b>	<b>690,046</b>	<b>690,046</b>
<b>Remuneration of Councillor: N Constable</b>		
Annual Remuneration	846,511	797,877
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
Pension	-	62,981
<b>Total</b>	<b>890,911</b>	<b>905,258</b>
<b>Remuneration of Councillor: JJ van der Linde</b>		
Annual Remuneration	204,322	206,942
Telephone Allowance	40,800	40,800
Travelling	68,108	65,488
Tools of trade	3,600	3,600
<b>Total</b>	<b>316,830</b>	<b>316,830</b>
<b>Remuneration of Councillor: L. Deyce</b>		
Annual Remuneration	568,648	564,671
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
Pension	84,683	80,975
<b>Total</b>	<b>697,731</b>	<b>690,046</b>

**Remuneration of Councillor: L. Basson**

Annual Remuneration	272,430	272,430
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
<b>Total</b>	<b>316,830</b>	<b>316,830</b>

**Remuneration of Councillor: C.L. De Bruin**

Annual Remuneration	52,123	-
Telephone Allowance	6,800	-
Travelling	-	-
Tools of trade	600	-
<b>Total</b>	<b>59,523</b>	<b>-</b>

C.L. de Bruin was a councillor from April 2021

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Council. The Executive Mayor may utilise official Council transportation when engaged in official duties.

**36. CONTRACTED SERVICES**

	2021 R	2020 R
<b>Consultants and Professional Services</b>	<b>12,868,856</b>	<b>15,300,428</b>
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	9,480,988	3,307,360
Consultants and Professional Services: Business and Advisory: Audit Committee	46,500	51,000
Consultants and Professional Services: Business and Advisory: Business and Financial Management	1,357,117	9,936,976
Consultants and Professional Services: Business and Advisory: Human Resources	543,559	885,799
Consultants and Professional Services: Business and Advisory: Organizational	-	102,558
Consultants and Professional Services: Business and Advisory: Research and Advisory	-	69,100
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	147,048	123,645
Consultants and Professional Services: Infrastructure and Planning: Engineering: Civil	71,250	-
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	28,000	1,512
Consultants and Professional Services: Laboratory Services: Water	117,468	97,060
Consultants and Professional Services: Legal Cost: Collection	-	512,565
Consultants and Professional Services: Legal Cost: Issue of Summons	47,745	-
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	971,153	212,854
<b>Contractors</b>	<b>4,633,998</b>	<b>4,794,206</b>
Contractors: Catering Services	42,905	63,762
Contractors: Electrical	-	18,757
Contractors: Maintenance of Buildings and Facilities	170,875	648,543
Contractors: Maintenance of Equipment	1,573,728	2,944,392
Contractors: Maintenance of Unspecified Assets	1,212,714	38,365
Contractors: Medical Services	4,400	-
Contractors: Plants, Flowers and Other Decorations	-	1,700
Contractors: Prepaid Electricity Vendors	1,525,922	1,039,334
Contractors: Removal of Hazardous Waste	-	18,798
Contractors: Safeguard and Security	95,255	-
Contractors: Sewerage Services	-	18,300
Contractors: Transportation	8,200	2,255
<b>Outsourced Services</b>	<b>9,149,462</b>	<b>10,222,548</b>
Outsourced Services: Burial Services	368,192	-
Outsourced Services: Business and Advisory: Valuer	-	130,062
Outsourced Services: Organisational services	-	423,007
Outsourced Services: Business and Advisory: Communications	-	24,749
Outsourced Services: Catering Services	27,611	5,973
Outsourced Services: Cleaning Services	140,058	5,363
Outsourced Services: Driver Licence Cards	89,085	-
Outsourced Services: Internal Auditors	285,744	371,929
Outsourced Services: Meter Management	750,032	1,861,197
Outsourced Services: Security Services	4,630,914	4,251,829
Outsourced Services: Traffic Fines Management	2,859,846	3,149,439
<b>Total Contracted Services</b>	<b>26,592,317</b>	<b>30,317,182</b>

**37. DEPRECIATION AND AMORTISATION**

	2021 R	2020 R
Property, Plant and Equipment	20,941,729	22,342,799
Investment Property carried at cost	213,981	213,981
Intangible Assets	165,676	122,176
<b>Total Depreciation and Amortisation</b>	<b>21,321,386</b>	<b>22,678,956</b>
Balance previously reported	-	22,678,642
Correction of error - 44.7	-	314
<b>Restated balance</b>	<b>-</b>	<b>22,678,956</b>

**38. FINANCE COSTS**

	2021 R	2020 R
Long-term Borrowings	1,961,763	2,111,761
Non-current Provisions	1,190,979	1,804,664
Non-current Employee Benefits	2,888,000	2,889,082
Overdraft Facilities	5,328,976	909,272
<b>Total Finance Costs</b>	<b>11,369,718</b>	<b>7,714,779</b>

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	2021 R	2020 R
<b>39. BULK PURCHASES</b>		
Electricity	70,336,738	63,644,543
Water	8,841,408	7,069,595
<b>Total Bulk Purchases</b>	<b>79,178,146</b>	<b>70,714,138</b>
<p>The distribution loss for bulk purchases is 2021: R14 799 089 (14.77% electricity; 49.85% water) and 2020: R13 348 654 (14.7% electricity; 56.48% water). Refer to note 50.8 for further detail on the electricity and water loss.</p>		
	2021 R	2020 R
<b>40. TRANSFERS AND SUBSIDIES</b>		
Monetary Allocations	-	-
Households	102,903	9,808
Non-profit Institutions (Tourism)	512,399	500,000
<b>Total Transfers and Subsidies</b>	<b>615,302</b>	<b>509,808</b>
	2021 R	2020 R
<b>41. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	266,169	406,898
Achievements and Awards	1,500	-
Audit Fees	5,301,240	3,921,439
Bank Charges, Facility and Card Fees	667,957	890,321
Bursaries (Employees)	8,684	27,621
Courier and Delivery Services	18,955	52,622
Communication	1,808,941	1,998,017
Deeds	23,063	28,426
Entertainment	9,656	14,752
External Computer Service	3,247,427	2,970,404
Fines and Penalties	-	1,450
Forfeited Deposits	27,043	-
Hire Charges	1,407,041	3,279,376
Indigent Relief	-	231,754
Insurance excess	1,273,346	1,456,077
Licences	212,312	202,998
Management Fee	-	415,150
Municipal Services	175,924	-
Printing, Publications and Books	201,759	293,089
Professional Bodies, Membership and Subscription	2,177,236	870,637
Registration Fees	-	980,204
Remuneration to Ward Committees	383,500	393,117
Rewards Incentives	7,800	6,200
Road Worthy Test	-	16
Storage of Files (Archiving)	-	62,265
Toll Gate Fees	-	-
Travel and Subsistence	448,038	982,518
Uniform and Protective Clothing	34,243	414,859
Vehicle Tracking	116,615	23,199
Electricity	-	261
Wet Fuel	2,218,914	71,490
Workmen's Compensation Fund	808,467	820,721
<b>Total Operational Costs</b>	<b>20,845,959</b>	<b>20,775,880</b>
	2021 R	2020 R
<b>42. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 10	(19,866,391)	(16,793,488)
Receivables from Non-exchange Revenue - Note 11	(40,103,497)	(31,921,716)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(59,969,888)</b>	<b>(48,715,204)</b>
	2021 R	2020 R
<b>43. GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	503,384	-
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>503,384</b>	<b>-</b>

	2021 R	2020 R
<b>44. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from misstatements occurred in the prior years.		
		<b>2020 R</b>
<b>44.1 Property, Plant and Equipment</b>		
<b>Balance previously reported</b>		541,004,506
Correction of accumulated depreciation: buildings - 30 June 2020		<u>31,074</u>
<b>Restated Balance</b>		<b>541,035,580</b>
		<b>2020 R</b>
<b>44.2 Accumulated Surplus/(Deficit) - 1 July 2019</b>		459,389,445
Correction of basic charges (Electricity and Water) - 30 June 2020		1,546,764
Correction of accumulated depreciation: buildings - 30 June 2020		<u>31,074</u>
<b>Restated Balance</b>		<b>460,967,284</b>
		<b>2020 R</b>
<b>44.3 Receivables from Exchange Transactions</b>		
<b>Balance previously reported</b>		21,110,223
Correction of basic charges (Electricity and Water) - 30 June 2020		1,515,690
Correction impairment between current and non-current receivable		<u>2,013,307</u>
<b>Restated Balance</b>		<b>24,639,220</b>
		<b>2020 R</b>
<b>44.4 Receivables from Non-Exchange Transactions</b>		
<b>Balance previously reported</b>		39,885,665
Correction impairment between current and non-current receivable		<u>596,171</u>
<b>Restated Balance</b>		<b>40,481,836</b>
		<b>2020 R</b>
<b>44.5 Non-Current Receivables from Non-Exchange Transactions</b>		
<b>Balance previously reported</b>		1,214,563
Correction impairment between current and non-current receivable		<u>(596,171)</u>
<b>Restated Balance</b>		<b>618,392</b>
		<b>2020 R</b>
<b>44.6 Non-Current Receivables from Exchange Transactions</b>		
<b>Balance previously reported</b>		3,877,511
Correction impairment between current and non-current receivable		<u>(2,013,307)</u>
<b>Restated Balance</b>		<b>1,864,204</b>
<b>44.7 Changes to Statement of Financial Performance</b>		

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>				
Property Rates		39,564,197	-	39,564,197
Government Grants and Subsidies - Capital		27,800,074	-	27,800,074
Government Grants and Subsidies - Operating		76,735,368	-	76,735,368
Contributed Property, Plant and Equipment		1,258,939	-	1,258,939
Actuarial Gains		4,404,771	-	4,404,771
Fines, Penalties and Forfeits		41,876,648	-	41,876,648
Interest Earned - Non-exchange Transactions		1,322,574	-	1,322,574
Licences and Permits from Non-Exchange Transactions		20,618	-	20,618
Service Charges		125,252,916	-	126,768,606
Sales of Goods and Rendering of Services	<b>44.3</b>	608,304	1,515,690	608,304
Rental from Fixed Assets		1,377,712	-	1,377,712
Interest Earned - External Investments		283,539	-	283,539
Interest Earned - Exchange Transactions		3,492,780	-	3,492,780
Licences and Permits from Exchange Transactions		209,310	-	209,310
Agency Services		654,425	-	654,425
Operational Revenue		1,290,717	-	1,290,717
<b>Total</b>		<b>326,152,893</b>	<b>1,515,690</b>	<b>327,668,584</b>
<b>Expenditure</b>				
Employee related costs		119,967,352	-	119,967,352
Remuneration of Councillors		6,286,166	-	6,286,166
Bad Debts Written Off		8,434,425	-	8,434,425
Contracted Services		30,317,182	-	30,317,182
Depreciation and Amortisation	<b>44.1</b>	22,678,642	314	22,678,956
Actuarial Losses		642,445	-	642,445
Finance Costs		7,714,779	-	7,714,779
Bulk Purchases		70,714,138	-	70,714,138
Inventory Consumed		4,333,101	-	4,333,101
Operating Leases		96,883	-	96,883
Transfers and Subsidies		509,808	-	509,808
Operational Costs		20,775,880	-	20,775,880
<b>Total</b>		<b>292,470,800</b>	<b>314</b>	<b>292,471,114</b>
<b>Gains and Losses</b>				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables		(48,715,204)	-	(48,715,204)
Gains/(Loss) on Sale of Fixed Assets		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	<b>44.1</b>	-	-	-
<b>Total</b>		<b>(48,715,204)</b>	<b>-</b>	<b>(48,715,204)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(15,033,111)</b>	<b>1,515,376</b>	<b>(13,517,735)</b>

	2021 R	2020 R
<b>45. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	(28,915,741)	(13,517,735)
<b>Adjustments for:</b>		
Depreciation	21,155,710	22,556,780
Amortisation	165,676	122,176
Loss/(Gain) on Sale of Fixed Assets	(503,384)	-
Impairment Loss/(Reversal of Impairment Loss) - Receivables	59,969,888	48,715,204
Contributed Property, Plant and Equipment	-	(1,258,939)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	-	642,445
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(4,089,240)	(4,404,771)
Movement in employee benefits	832,113	1,070,128
Bad Debts written off	371,924	8,434,425
Interest on provisions	4,078,979	4,693,746
Operating lease income accrued	54,827	(83,674)
Operating Surplus/(Deficit) before changes in working capital	52,920,752	66,969,785
Changes in working capital	(21,063,810)	(44,393,812)
Increase/(Decrease) in Trade and Other Payables (note 2)	45,835,803	22,731,661
Increase/(Decrease) in Taxes	(755,351)	2,059,334
(Increase)/Decrease in Inventory	(37,288)	(192,444)
Increase/(Decrease) in Consumer Deposits	1,559,831	68,513
Increase/(Decrease) in Current portion of Long-term Receivables	(624,537)	(310,354)
(Increase)/Decrease in Trade Receivables from Exchange Transactions (note 1)	(14,511,005)	(37,125,758)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions (note 1)	(45,202,577)	(38,460,227)
(Increase)/Decrease Unpaid Transfers and Subsidies	-	193,774
Increase/(Decrease) in Unspent Transfers and Subsidies	(7,328,687)	6,641,688
<b>Cash generated/(absorbed) by operations</b>	<b>31,856,942</b>	<b>22,575,972</b>

Note 1: Due to slow payment of debtors with payment arrangements, the movement in long-term debtors were regarded as non-cash. The movement was adjusted against Receivables from exchange and non-exchange.

Note 2: Certain Property, Plant and Equipment was purchased on credit with specific suppliers. This was regarded as a non-cash item adjusted against Trade and other payables.

<b>46. CASH AND CASH EQUIVALENTS</b>	<b>2021 R</b>	<b>2020 R</b>
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 12	52,428	60,427
Call Deposits and Investments - Note 12	6,156,729	2,743,458
Cash Floats - Note 12	15,842	6,670
Bank Overdraft - Note 12	(14,503,525)	(15,366,873)
<b>Total cash and cash equivalents</b>	<b>(8,278,525)</b>	<b>(12,556,318)</b>

	2021 R	2020 R
<b>47. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 46	(8,278,525)	(12,556,318)
Less:	4,036,693	(4,047,303)
Unspent Transfers and Subsidies - Note 20	(5,789,813)	(13,118,499)
VAT - Note 21	9,826,506	9,071,155
Cash Portion of Housing Development Fund - Note 23	-	41
Net cash resources available for internal distribution	(4,241,832)	(16,603,621)
<b>Resources available for working capital requirements</b>	<b>(4,241,832)</b>	<b>(16,603,621)</b>

	2021 R	2020 R
<b>48. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 13	6,784,620	8,664,880
Used to finance property, plant and equipment - at cost	(6,784,620)	(8,664,880)
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

Annually loans at amortised cost is calculated at 6.75%-10.90% interest rate, with last maturity date of 31 December 2029. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

	2021 R	2020 R
<b>49. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>49.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	19,478,408	103,984,317
Unauthorised expenditure current year - operational	102,870,763	17,118,461
Unauthorised expenditure current year - capital	1,026,159	479,348
Written off by Council	-	(102,103,718)
Unauthorised expenditure awaiting authorisation	123,377,330	19,478,408

Unauthorised expenditure can be summarised as follow:

	Incident	Disciplinary steps/criminal proceedings
<i>Actual vs Budgeted spending</i>	None	
	103,898,922	17,597,809
	<b>103,898,922</b>	<b>17,597,809</b>

The overspending of the Budget per municipal vote can be summarised as follows:

	2021 Actual R	2021 Final Budget R	2021 Variance R	2021 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - MUNICIPAL MANAGER	22,031,863	7,033,804	14,998,059	14,998,059
Vote 2 - CORPORATE SERVICES	21,494,673	43,778,303	(22,283,630)	-
Vote 3 - FINANCIAL SERVICES	115,798,665	27,925,961	87,872,704	87,872,704
Vote 4 - INFRASTRUCTURE	161,768,021	180,368,025	(18,600,004)	-
Vote 5 - COMMUNITY SERVICES	37,144,381	98,033,868	(60,889,487)	-
	<b>358,237,603</b>	<b>357,139,961</b>	<b>1,097,642</b>	<b>102,870,763</b>
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - MUNICIPAL MANAGER	2,814	-	2,814	2,814
Vote 2 - CORPORATE SERVICES	2,153,313	1,127,968	1,025,345	1,025,345
Vote 3 - FINANCIAL SERVICES	-	-	-	-
Vote 4 - INFRASTRUCTURE	18,664,343	23,411,547	(4,747,204)	-
Vote 5 - COMMUNITY SERVICES	80,696	152,448	(71,752)	-
	<b>20,901,166</b>	<b>24,691,963</b>	<b>(3,790,797)</b>	<b>1,028,159</b>

<b>49.2 Fruitless and wasteful expenditure</b>		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
Reconciliation of fruitless and wasteful expenditure:			
Opening balance		1,242,329	1,782,655
Fruitless and wasteful expenditure current year		2,981	1,242,329
Written off by Council		-	(1,782,655)
Transfer to receivables for recovery - not condoned		-	-
Fruitless and wasteful expenditure awaiting condonement		-	-
		<u>1,245,310</u>	<u>1,242,329</u>

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2021	2020
		R	R
2020 - Double payment to supplier - Kamp straat	None	287,798	287,798
2020 - Interest on overdue accounts - Eskom accounts	None	532,857	532,857
2020 - Interest and Penalties on overdue accounts - SARS	None	130,784	130,784
2020 - Interest on overdue account - Telkom accounts	None	3,132	3,132
2020 - Interest on overdue account - Auditor General	None	287,393	287,393
2020 - Interest on overdue account - Barloworld	None	256	256
2020 - Interest late payment pension - LA Retirement fund	None	108	108
2021 - Invoice paid twice - Breede Gouritz (water)	None	2,981	-
		<u>1,245,310</u>	<u>1,242,329</u>

<b>49.3 Irregular expenditure</b>		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
Reconciliation of irregular expenditure:			
Opening balance		149,322,599	213,432,675
Irregular expenditure current year		18,018,147	41,048,043
Written off by Council		-	(105,158,119)
Irregular expenditure awaiting further action		-	-
		<u>167,340,746</u>	<u>149,322,599</u>

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings	2021	2020
		R	R
2018 - SCM procedures not followed 2017/2018 - competitive bidding	Expenditure will be investigated in the next financial year	49,397,969	49,397,969
2019 - SCM procedures not followed 2018/2019	Expenditure will be investigated in the next financial year	439,130	439,130
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1,639,310	1,639,310
2019 - SCM procedures not followed with regards to competitive bid process and section 32	Expenditure will be investigated in the next financial year	55,780,264	55,780,264
2019 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	1,017,883	1,017,883
2020 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	496,714	496,714
2020 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	38,626,053	38,626,053
2020 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1,925,276	1,925,276
2021 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	821,167	-
2021 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	17,196,980	-
		<u>167,340,746</u>	<u>149,322,599</u>
Balance previously reported			144,068,215
Expenditure revised			5,254,383
<b>Restated Balance</b>			<u>149,322,598</u>

It was identified by management that contract for fleet management expired in 2018/2019. The vehicles was leased on month to month basis, without new contract or extension signed. This resulted in prior period error.

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies for expenditure.

Irregular expenditure is disclosed inclusive of VAT

	2021 R	2020 R
<b>50. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>50.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</b>		
Opening balance	(30)	(30)
Council subscriptions	1,275,830	1,207,845
Amount paid - current year	(1,275,830)	(1,207,845)
<b>Balance unpaid (included in creditors)</b>	<u>(30)</u>	<u>(30)</u>
	2021 R	2020 R
<b>50.2 Audit fees - [MFMA 125 (1)(c)]</b>		
Opening balance	4,797,048	651,537
Current year audit fee	5,634,784	4,797,048
Amount paid - current year	-	-
Amount paid - previous year	(2,840,203)	(651,537)
<b>Balance unpaid (included in creditors)</b>	<u>7,591,630</u>	<u>4,797,048</u>
	2021 R	2020 R
<b>50.3 VAT - [MFMA 125 (1)(c)]</b>		
VAT	9,826,506	9,071,155
<b>Closing balance</b>	<u>9,826,506</u>	<u>9,071,155</u>
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
	2021 R	2020 R
<b>50.4 PAYE ,SDL and UIF - [MFMA 125 (1)(c)]</b>		
Opening balance	3,873,762	1,109,172
Current year payroll deductions	16,761,715	15,824,858
Amount paid - current year	(15,382,379)	(11,951,096)
Amount paid - previous year	(3,873,762)	(1,109,172)
<b>Balance unpaid (included in creditors)</b>	<u>1,379,336</u>	<u>3,873,762</u>
	2021 R	2020 R
<b>50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>		
Current year payroll deductions and Council Contributions	24,157,344	22,166,838
Amount paid - current year	(24,157,344)	(22,166,838)
<b>Balance unpaid (included in creditors)</b>	<u>-</u>	<u>-</u>
	2021 R	2020 R
<b>50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]</b>		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2021:		
	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor Q Louw (019740/030610)	7,663	2,622
Councillor CL de Bruin (006592/044923)	1,854	-
<b>Total Councillor Arrear Consumer Accounts</b>	<u>9,517</u>	<u>2,622</u>

50.7

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

30 JUNE 2021	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-20	55,205	37,301	-	2,854	15,050
Aug-20	125,275	-	-	86,525	38,750
Sep-20	19,741	-	-	19,741	-
Oct-20	434,013	14,773	-	419,240	-
Nov-20	35,249	-	-	31,955	4,294
Dec-20	552,258	-	-	552,258	-
Jan-21	-	-	-	-	-
Feb-21	37,552	-	-	15,902	21,650
Mar-21	-	-	-	-	-
Apr-21	-	-	-	-	-
May-21	43,884	-	-	-	43,884
Jun-21	15,484	15,484	-	-	-
	<b>1,319,661</b>	<b>67,558</b>	<b>-</b>	<b>1,128,475</b>	<b>123,628</b>

  

30 JUNE 2020	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-19	94,374	65,935	-	28,440	-
Aug-19	113,784	50,491	-	63,293	-
Sep-19	199,134	27,173	-	150,017	21,944
Oct-19	104,140	33,376	-	70,764	-
Nov-19	105,101	36,284	-	50,474	18,343
Dec-19	120,272	10,459	-	13,813	96,000
Jan-20	21,406	15,404	-	-	6,003
Feb-20	67,684	17,305	-	50,379	-
Mar-20	1,596,424	66,617	-	573,029	956,778
Apr-20	174,904	-	-	69,075	105,829
May-20	108,529	-	-	26,029	82,500
Jun-20	173,792	38,188	-	80,841	54,763
	<b>2,879,546</b>	<b>361,232</b>	<b>-</b>	<b>1,176,154</b>	<b>1,342,160</b>

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council.

Range of Deviations approved by Municipal Manager

	Total Deviations	2020/21 Amounts
Deviations between 0 - 10 000	13	67,712
Deviations between 10 001 - 30 000	8	144,778
Deviations between 30 001 - 200 000	7	548,177
Deviations greater than 200 001	2	558,994
	<b>30</b>	<b>1,319,661</b>

50.8 Material losses

Electricity distribution losses

	2021 R	2020 R
Units purchased (Kwh)	55,262,741	53,991,177
Units lost during distribution (Kwh)	8,164,594	7,935,970
Percentage lost during distribution	14.77%	14.70%

The reason for the electricity losses is due to electricity theft on pre-paid meters. Fines were issued for offenders.

Water distribution losses

	2021 R	2020 R
Units purchased (kl)	2,921,027	2,830,938
Units lost during distribution (kl)	1,456,276	1,598,802
Percentage lost during distribution	49.85%	56.48%

The reason for water losses is due to pipe bursts and field leakages. Maintenance on meters is difficult due to limitation in funds.

The municipality provides water services to indigent consumers. Consumptions used by indigent consumers are more than the free 6kl water they received. No action was taken to recover the additional consumptions from indigent consumers and based on history, outstanding amounts are not paid by indigent consumers.

**50.9 Other non-compliance**

**2021**                      **2020**  
**R**                                      **R**

**MFMA Section 65(2)(b)**

Adequate management, accounting and information system was not in place which accounted for creditors.

**MFMA Section 65(2)(e)**

The municipality had experienced cash flow problems during the year as a result of which creditors were not always paid within 30 days of date of statement or invoice as required.

**MFMA Section 71**

Not all monthly reports was submitted timeously to Provincial Treasury.

**MFMA Section 15**

Expenditure was not only incurred in terms of an approved budget and within the limits of the amounts approved for the different votes in an approved budget.

**MFMA Section 32(4)**

Report pertaining to unauthorised, irregular, fruitless and wasteful expenditure have not been submitted to all relevant parties.

**MFMA Section 62**

Expenditure were not adequately monitored in accordance with section 62, resulting in unauthorised, fruitless and wasteful and irregular expenditure

**Supply chain management regulations**

Non-compliance with supply chain management regulation resulting in irregular expenditure

**MFMA Section 126(1)**

The annual financial statements were not submitted for audit within two months after year end

**50.10 PURCHASES FROM MEMBERS IN SERVICE OF STATE**

The following purchases were made during the 2020/21 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Central Karoo events	491,898	Mr P.J. Julies is employed as traffic Officer at Beaufort West Municipality
RWS Cleaning	427,289	Spouse, R Summers are employed at Beaufort West Municipality
Karoo Motors Workswinkel	300,708	Spouse, Mrs Anna -Marie van der Merwe is employed with the Department of health Services
B&B Swaiswerke	19,236	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Food and Beverage	5,000	Niece Jo-Anne Abrahams employed at Municipality.
Jabeja Consulting	20,608	Brother, Mr Du Plessis is employed by the Department of Education
Beaufort Luxury Coaches	7,500	Son, Mr W Johnson and daughter, Mrs B Johnson are employed at Beaufort West Municipality and Department of Public Transport.
Ingozi Construction and General Services	3,900	Mr. F.J Pieters is employed as Chief Clerk at Beaufort West Municipality. His spouse is employed at Ingozi Construction and General.

The following purchases were made during the 2019/20 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
B&B Swaiswerke	134,750	Son, Mr. A.C Du Plessis is currently employed by Department of Education as a teacher.
Central Karoo Events	345,350	Sons, Mr P.J Julies and Mr J. Julies is employed as vehicle inspections & traffic officer and machine operator at electrical and traffic services at the Beaufort West Municipality
Karoo Motors Workshop	310,003	Spouse, Mrs Anna-Marie van der Merwe is employed with the Department of Health Services
Beaufort Luxury Coaches	4,200	Son, Mr W Johnson and daughter, Mrs B Johnson are employed at Beaufort West Municipality and Department of Public Transport.
Avil's Catering	5,250	Son, Mr M Johnson and daughter, Mrs B Johnson are employed at Department of Correctional Services and Department of Agriculture.
RWS Cleaning and Maintenance Services	143,250	Spouse, R Summers are employed at Beaufort West Municipality.
Wilma's Catering	4,975	Brother currently employed at the Beaufort West Municipality.
Jabeja Consulting	208,519	Brother, Mr Du Plessis is employed by the Department of Education
MLB Solutions	7,200	Spouse, Mr S Berg, are currently employed on a contract basis at Beaufort West Municipality

**51. FINANCIAL RISK MANAGEMENT**

**2021**                      **2020**  
**R**                                      **R**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price Risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follows:

0.5% (2021: 0.5%) Increase in interest rates	69,640	47,529
0.5% (2021: 0.5%) Decrease in interest rates	(69,640)	(47,529)

## (d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 10 and 11 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 6 and 7 for balances included in receivables that were re-negotiated for the period under review.

	2021 %	2021 R	2020 %	2020 R
<b>Non-exchange Receivables</b>				
Rates	10.82%	29,147,199	7.91%	18,073,813
Fines	88.17%	237,463,167	91.22%	208,409,717
Other	1.01%	2,716,117	0.87%	1,976,389
	<b>100.00%</b>	<b>269,326,483</b>	<b>100.00%</b>	<b>228,459,919</b>
<b>Non-Current Receivables</b>				
Repayment arrangement	<b>100.00%</b>	<b>9,399,405</b>	<b>100.00%</b>	<b>6,210,301</b>
<b>Exchange Receivables</b>				
Electricity	9.25%	9,802,465	12.31%	11,603,712
Water	19.44%	20,594,856	12.23%	11,533,489
Property Rentals	0.05%	47,857	0.04%	34,722
Waste Management (refuse)	16.02%	16,977,005	12.71%	11,980,969
Waste Water Management (Sewerage)	26.33%	27,900,019	21.42%	20,193,031
Other	28.92%	30,643,668	41.29%	38,922,039
	<b>100.00%</b>	<b>105,965,871</b>	<b>100.00%</b>	<b>94,267,962</b>

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 10 and 11 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2021 %	2021 R	2020 %	2020 R
<b>Non-exchange Receivables</b>				
Rates	12.93%	30,103,934	8.03%	15,530,703
Fines	87.07%	202,794,203	91.97%	177,921,604
	<b>100.00%</b>	<b>232,898,137</b>	<b>100.00%</b>	<b>193,452,307</b>
<b>Exchange Receivables</b>				
Electricity	3.90%	3,354,153	1.19%	827,653
Water	17.88%	15,362,017	9.32%	6,489,556
Waste Management (refuse)	17.57%	15,093,388	16.28%	11,336,242
Waste Water Management (Sewerage)	28.73%	24,686,805	26.52%	18,462,217
Housing Selling Scheme	0.04%	30,412	0.05%	31,474
Other	31.88%	27,394,359	46.65%	32,481,599
	<b>100.00%</b>	<b>85,921,133</b>	<b>100.00%</b>	<b>69,628,741</b>

**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

The provision for bad debts could be allocated between the different categories of receivables (excl. fines and rates) as follows:

	2021 %	2021 R	2020 %	2020 R
Other	1,04%	897,176	1,38%	957,717
Industrial	4,24%	3,642,686	9,49%	6,605,919
Residential	94,72%	81,381,272	89,14%	62,065,105
	<b>100,00%</b>	<b>85,921,134</b>	<b>100,00%</b>	<b>69,628,741</b>

Bad debts written off per debtor class:

	2021 R	2020 R
<u>Non-Exchange Receivables</u>		
Rates and Other Receivables		1,820,044
<u>Exchange Receivables</u>		
Services	371,924	6,614,381

Ageing of amounts past due but not impaired are as follows:

	2021 R	2020 R
<b>2021</b>		
1 month past due	238,127	196,584
2+ months past due	7,849,862	3,094,039
	<b>8,087,929</b>	<b>3,290,623</b>
<b>2020</b>		
1 month past due	634,812	491,932
2+ months past due	3,209,111	4,290,845
	<b>3,843,923</b>	<b>4,782,777</b>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2021 R	2020 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	7,467,942	4,698,264
Non-Current Receivables from Non-Exchange Transactions	1,931,483	1,512,037
Receivables from Exchange Transactions	105,965,871	94,267,962
Receivables from Non-Exchange Transactions	278,872,404	233,934,143
Cash and Cash Equivalents	6,209,157	2,803,885
	<b>400,446,838</b>	<b>337,216,292</b>

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2021</b>				
Long-term Liabilities	1,502,533	2,724,156	2,557,930	-
Trade and Other Payables	105,366,831	-	-	-
	<b>107,269,364</b>	<b>2,724,156</b>	<b>2,557,930</b>	<b>-</b>
<b>2020</b>				
Long-term Liabilities	1,880,261	3,655,632	3,128,988	-
Trade and Other Payables	64,328,757	-	-	-
	<b>66,209,018</b>	<b>3,655,632</b>	<b>3,128,988</b>	<b>-</b>

		2021	2020
		R	R
<b>52. FINANCIAL INSTRUMENTS</b>			
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
<b>52.1 Financial Assets</b>	<b>Classification</b>	<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Non-Current Receivables</b>			
Receivables with repay arrangements	Financial Instruments at amortised cost	2,663,024	3,405,295
Housing Loans	Financial Instruments at amortised cost	36,157	195,528
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Receivables from Exchange Transactions</b>			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	16,795,428	18,198,781
Other receivables from exchange transactions	Financial Instruments at amortised cost	3,249,310	6,440,439
Other receivables from non-exchange transactions	Financial Instruments at amortised cost	2,716,117	1,904,731
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	68,270	67,097
Call Deposits	Financial Instruments at amortised cost	6,156,729	2,743,458
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Instruments at amortised cost:</b>			
Long-term Receivables	Receivables with repay arrangements	2,663,024	3,405,295
Long-term Receivables	Housing Loans	36,157	195,528
Trade receivables from exchange transactions	Trade receivables from exchange transactions	16,795,428	18,198,781
Other receivables from exchange transactions	Other receivables from exchange transactions	3,249,310	6,440,439
Other receivables from non-exchange transactions	Other receivables from non-exchange transactions	2,716,117	1,904,731
Cash and Cash Equivalents	Bank Balances	68,270	67,097
Cash and Cash Equivalents	Call Deposits	6,156,729	2,743,458
<b>Total Financial Assets</b>		<b>31,685,035</b>	<b>32,955,330</b>
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>52.2 Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	5,807,243	6,687,162
Capitalised Lease Liability	Financial Instruments at amortised cost	977,377	1,977,718
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Trade and Other Payables</b>			
Receivables with credit balances	Financial Instruments at amortised cost	4,074,968	3,494,974
Retentions	Financial Instruments at amortised cost	2,053,822	1,415,789
Sundry creditors	Financial Instruments at amortised cost	4,312,681	2,472,963
Sundry deposits	Financial Instruments at amortised cost	1,833,464	1,833,464
Trade Payables	Financial Instruments at amortised cost	93,091,896	55,111,567
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Current Portion of Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	613,237	879,920
Capitalised Lease Liability	Financial Instruments at amortised cost	889,297	1,000,341
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>Cash and Cash Equivalents</b>			
Bank Overdraft	Financial Instruments at amortised cost	14,503,525	15,366,873
		<b>2021</b>	<b>2020</b>
		<b>R</b>	<b>R</b>
<b>SUMMARY OF FINANCIAL LIABILITIES</b>			
<b>Financial Instruments at amortised cost:</b>			
Long-term Liabilities	Annuity Loans	6,420,480	7,567,082
Long-term Liabilities	Capitalised Lease Liability	1,866,674	2,978,059
Trade and Other Payables	Receivables with credit balances	4,074,968	3,494,974
Trade and Other Payables	Retentions	2,053,822	1,415,789
Trade and Other Payables	Sundry creditors	4,312,681	2,472,963
Trade and Other Payables	Sundry deposits	1,833,464	1,833,464
Trade and Other Payables	Trade Payables	93,091,896	55,111,567
Cash and Cash Equivalents	Bank Overdraft	14,503,525	15,366,873
		<b>128,157,509</b>	<b>90,240,771</b>

	2021 R	2020 R
<b>53. STATUTORY RECEIVABLES</b>		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
<b>Taxes</b>		
VAT Receivable	9,826,506	9,071,155
<b>Receivables from Non-Exchange Transactions</b>	276,156,287	231,957,755
Rates	29,147,199	18,073,813
Rates - other receivables	9,545,922	5,474,225
Fines	237,463,167	208,409,717
<b>Total Statutory Receivables (before provision)</b>	<b>285,982,793</b>	<b>241,028,910</b>
Less: Provision for Debt Impairment	(232,898,137)	(193,452,307)
<b>Total Statutory Receivables (after provision)</b>	<b>53,084,656</b>	<b>47,576,603</b>
Statutory Receivables arises from the following legislation:		
Taxes	- Value Added Tax Act (No 89 of 1991)	
Rates	- Municipal Properties Rates Act (No 6 of 2004)	
Fines	- Criminal Procedures Act	
Statutory receivables are initially measured at transaction value, and subsequently at cost.		
	<b>2021 R</b>	<b>2020 R</b>
<b>(Rates): Ageing</b>		
Current (0 - 30 days)	3,313,731	2,359,101
31 - 60 Days	1,176,974	1,176,221
61 - 90 Days	993,162	596,121
+ 90 Days	23,663,332	13,942,309
<b>Total</b>	<b>29,147,199</b>	<b>18,073,813</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>(Other Rates Debtors): Ageing</b>		
Current (0 - 30 days)	30,640	26,725
31 - 60 Days	32,721	18,686
61 - 90 Days	30,172	14,298
+ 90 Days	9,452,388	5,414,515
<b>Total</b>	<b>9,545,922</b>	<b>5,474,225</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>Fines: Ageing</b>		
Current (0 - 30 days)	2,829,500	919,200
31 - 60 Days	3,821,800	1,352,100
61 - 90 Days	3,541,300	799,100
+ 90 Days	227,270,567	205,439,317
<b>Total</b>	<b>237,463,167</b>	<b>208,409,717</b>
	<b>2021 R</b>	<b>2020 R</b>
<b>Reconciliation of Provision for Debt Impairment</b>		
Balance at beginning of year	193,452,308	160,468,855
Contribution to provision	39,445,830	32,983,453
Balance at end of year	<b>232,898,138</b>	<b>193,452,308</b>
The impairment is due to slow payment of debtors. The national lockdown resulted in increase of debtors that did not settle their account.		
Property Rates: Management determines the payment rate per debtor. Therefore each individual debtor is impaired based on the collection of debt. Government debtors is excluded from the impairment per the debt control policy of the municipality. The indication of impairment is the non-ability of the debtor to settle their account.		
Fines: Fines are impaired per debtors of a similar grouping (Provincial Fines, Camera Fines and Municipal Fines). The collection rate per the similar groupings is determined. Fine debtors are impaired based on the collection rate. The indication of impairment is the non-ability of the debtor to settle their account.		
	<b>2021 R</b>	<b>2020 R</b>
<b>Ageing of amounts past due and impaired:</b>		
1 month past due	1,584,769	918,140
2+ months past due	64,695,230	45,818,986
	<b>66,279,999</b>	<b>46,737,125</b>
Management base the consideration past due and impaired on the debtor's payments. Per the debt control policy of the municipality past due and impaired include the category of residential, industrial & commercial and other debtors. Government debtors are not impaired. The above is in relation to rates and fines.		
	<b>2021 R</b>	<b>2020 R</b>
<b>Ageing of amounts past due but not impaired:</b>		
1 month past due	196,584	491,932
2+ months past due	3,094,039	4,290,846
	<b>3,290,623</b>	<b>4,782,778</b>
Management base the consideration on the debtor's payments. Per the debt control policy government debtors are not impaired as it is viewed that they are obliged to pay and therefore included in the category past due and not impaired		
	<b>2021 R</b>	<b>2020 R</b>
<b>Interest Received from Statutory Receivables</b>		
Taxes	1,116,111	1,322,574
Interest is levied at a rate determined by the council on outstanding rates amounts, in relation to rates.		

**BEAUFORT WEST MUNICIPALITY**  
**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

54. CONTINGENCIES	2021 R	2020 R
<p>The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.</p> <p>The following guarantees qualify as contingent liabilities:</p>		
<b>NAME / REG NO</b>	<b>GUARANTEE ISSUED TO</b>	
Nedbank	Performance guarantee no: 285/32883307: Post office	50,000
Nedbank	Electricity guarantee: 285/32883218: Eskom	34,700
Nedbank	Electricity guarantee: 285/32883006: Eskom - Nelspoort	41,000
	<u>125,700</u>	<u>125,700</u>
<p>Claims against the municipality</p> <p>The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:</p>		
<p><u>Beaufort West Municipality/E Franse</u>                      The municipality has a claim against them whereby a child was injured in a playing park due to the negligence of the municipality. An indication of the possible claim and legal fees was received from Crawford attorney's.</p>		
	-	60,000
<p><u>Beaufort West Municipality/Minister of Water and Sanitation</u>                      A summons was issued against the municipality by the Minister of Water Affairs for outstanding payments for water for periods 1 April 2002 until 31 August 2016. A notice of intention to Defend have been entered into, awaiting further pleadings from Plaintiffs attorneys.</p>		
	3,311,206	3,311,206
<p><u>Beaufort West Municipality/A Damon &amp; SS Damon</u>                      A summons was issued against the municipality. The summons have been defended by the municipality's attorney. At this stage it is unclear if the matter will be pursued any further. Awaiting a court date to settle the matter.</p>		
	400,000	200,000
<p><u>Beaufort West Municipality/AC van der Linde</u>                      Application to the high court for the demotion of an immovable property. Matter to be heard in the High Court.</p>		
	-	60,000
<p><u>Beaufort West/RE a letamisa trading E projects/Asla construction</u>                      Application for the review of outcome of a tender awarded to another supplier. The matter have been argued in the High Court and awaiting judgement outcome</p>		
	-	250,000
<p><u>Beaufort West (JJ Draaijer)/Bakers Transport</u>                      A claim for damages by Bakers Transport as a result of a motor vehicle accident.</p>		
	33,000	15,000
<p><u>Beaufort West/Africa Creek</u>                      A claim against the municipality for an amount of R15 340 344. The municipality denies liability to this claim and currently in process of being defended in the Cape Town High Court.</p>		
	250,000	250,000
<p><u>Beaufort West/Ivan Graaff Security Services/GAP management</u>                      Application for the review of outcome of a tender awarded to another supplier. A response to the appeal to the Security company representative with a response, awaiting reply. Matter possibly to be taken to High Court.</p>		
	-	250,000
	<u>3,994,206</u>	<u>4,396,206</u>
<p><b>CONTINGENT ASSETS</b></p>		
<b>BANK / FIRM</b>	<b>PURPOSE</b>	<b>REG NO</b>
First National Bank	Electricity supply:163/3/96	147
FNB/Shoprite	Electricity Supply:579-123/91	88
FNB/Ackermans	Electricity Supply:579-131/91	91
ABSA Bank	Water & Electricity services erf no.7401 (Beaufort Mall)	270
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster	Guarantee Nr:G900/0595814/GLO: Supply of water and electricity to 13 Bird Street [Beaufort Manor]	301
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster	Guarantee Nr:G900/0595862/GLO: Supply of water and electricity to 7 Bird Street [Beaufort Manor]	302
Rand Merchant Bank o.b.o TG Elektries (Pty) Ltd	Performance Guarantee: Guarantee Number: OGT0672ZA0034406: Mechanical ad Electrical	326
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Performance Guarantee: Guarantee Number: OGT0672ZA0034984: Mervelille Reservoir	327
Rand Merchant Bank o.b.o TG Elektries (Pty) Ltd	Performance Guarantee: Guarantee Number: OGT0672ZA0036679	329
WFJ Services (Pty) Ltd. o.b.o Active Phambili Civils	Performance Guarantee: Guarantee Number: WFJ101025FAMRetention Guarantee: Guarantee No. OGT0672ZA0003151: Tender no. 61/2016: Upgrading of the Murraysburg Wastewater Treatment	330
Guardrisk Insurance	Rivigan Infrastructure Solutions: G/1173-01/CON	330
PCBS Construction & Costoms Bond Services (Pty) Ltd - Bryte o.b.o. Rivigan Infrastructure Solutions (Pty) Ltd	Retention Mony Suretyship: Surety Number RET20191011/001	320
PCBS Construction & Costoms Bond Services (Pty) Ltd - Bryte o.b.o. Rivigan Infrastructure Solutions (Pty) Ltd	Retention Mony Suretyship: Surety Number RET20191011/002	321
Fusion Guarantees o.b.o. Rivigan Infrastructure Solutions (Pty) Ltd	Performance Guarantee: Guarantee Number: FUS502959.JHB	322
Beaufort West/DA councillors	A claim against the municipality against councillors of the DA and certain DA employees, for salaries paid in error. The matter is currently being litigated in High Court.	-
	<u>1,859,207</u>	<u>1,835,929</u>

			2021	2020	
			R	R	
<b>55. RELATED PARTIES</b>					
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.					
<b>55.1 Related Party Transactions</b>					
	<b>Rates - Levied 1</b>	<b>Service Charges -</b>	<b>Other - Levied 1</b>	<b>Outstanding</b>	<b>Provision for</b>
	<b>July 2020 - 30</b>	<b>Levied 1 July 2020 - 30</b>	<b>July 2020 - 30 June</b>	<b>Balance - 30 June</b>	<b>impairment - 30 June</b>
	<b>June 2021</b>	<b>June 2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
<b>Year ended 30 June 2021</b>					
<b>Councillors</b>					
Councillor AM Slabbert (4113)	6,528	25,816	-	2,526	-
Councillor N Constable (4409)	3,098	11,442	-	1,202	34
Councillor N Constable (5950)	597	5,786	-	529	-
Councillor O Haarvoor (20943)	-	295	-	147	74
Councillor JJ van der Linde (6173)	766	2,877	-	3,643	3,643
Councillor Q Louw (7189)	5,523	24,773	-	13,891	6,005
Councillor L Devce (20340)	1,553	1,769	-	276	-
Councillor L Basson ( 12483)	98	227	-	308	293
Councillor MA Killani ( 7449)	691	6,335	-	572	0
Councillor MA Killani( 2020)	145	1,764	-	132	-
Councillor DE Welgemoed (5230)	9,676	40,415	-	5,937	-
Councillor CL de Bruin ( 2126)	-	3,440,87	-	2,875	2,344
	<b>28,674</b>	<b>121,499</b>	<b>-</b>	<b>32,040</b>	<b>12,392</b>
<b>Municipal Manager and Section 57 Employees</b>					
Municipal Manager : J Penxa (No account)	-	-	-	-	-
Director : A Makendiana (012180/029959)	11,676	2,727	-	1,200	-
Director : D. Ventura ( No Account)	-	-	-	-	-
Director : N. Ntsanqa ( No Account)	-	-	-	-	-
	<b>11,676</b>	<b>2,727</b>	<b>-</b>	<b>1,200</b>	<b>-</b>
<b>Year ended 30 June 2020</b>					
<b>Councillors</b>					
Councillor AM Slabbert (010137/011832)	6,206	29,318	1	2,468	-
Councillor N Constable (010679/032084)	2,930	10,021	-	3,329	445
Councillor N Constable (014506/014507)	564	8,876	-	2,886	711
Councillor O Haarvoor (510856/003456)	1,637	-	-	-	-
Councillor JJ van der Linde (014807/014808)	8,754	39,800	-	-	-
Councillor Q Louw (019740/030610)	5,114	13,638	-	3,804	151
Councillor L Devce (510271/000768)	1,474	1,637	-	262	-
Councillor L Basson (024298/024299)	743	2,532	-	-	-
Councillor MA Killani (020440/020441)	655	6,341	-	601	51
Councillor MA Killani (006482/020441)	182	1,596	-	298	-
Councillor DE Welgemoed (012158/012159)	10,028	36,849	12	4,244	-
Councillor SM Mtsosane (022661/022662)	655	6,350	-	551	-
	<b>38,942</b>	<b>156,954</b>	<b>13</b>	<b>18,441</b>	<b>1357</b>
<b>Year ended 30 June 2020</b>					
<b>Municipal Manager and Section 57 Employees</b>					
Municipal Manager : K Haarhoff (No account)	-	-	-	-	-
Director : A Makendiana (012180/029959)	11,120	2,532	-	-	-
Director : CJ Kymdell (007759/007760)	12,940	34,708	-	-	-
	<b>24,060</b>	<b>37,239</b>	<b>-</b>	<b>-</b>	<b>-</b>

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Councillors and management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality.

**55.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 13 to the Annual Financial Statements.

**55.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 34 and 35 to the Annual Financial Statements.

**56. FINANCIAL SUSTAINABILITY**

**Financial Indicators**

The current ratio increased to 0.6:1 from 0.69:1 in the prior year.

The municipality have budgeted for a surplus of R1 320 361 for the 2020/2021 financial year. The municipality is also budgeting for positive cash flows during 2021/2022 and 2022/2023 amounting to R5 218 296 and R6 069 892 respectively.

The municipality had an actual deficit of R28 915 741 for the current year.

The average debtors' payment days increased to 801 days from 694 days.

The average creditors payment period is 278 days (2020: 181 days).

The municipality is experiencing difficulty to settle its current liabilities as its net current asset position is insufficient. The current liabilities exceeds the current assets with R58 338 569 (2020: R36 541 241).

A bank overdraft facility is utilised amounting to R15 000 000.

The municipality is in had a negative bank balance with Nedbank to an amount of R14 503 524 (2020 - R14 790 845 in arrears) as per bank statement.

The bank balance as per the cash book (primary account) for the current year is R14 503 524 and R15 366 873 (2020).

There was increase of in cash and cash equivalents for the current year of R4 277 792 and decrease of R135 044 for the prior year.

The municipality has call investment deposits for the current year of R6 156 729 and R2 743 458 (2020)

The outstanding balances in respect of external loans amounts to R6 784 620 (2020 - R8 664 880)

The Municipality has signed repayment agreements with Eskom to repay long outstanding accounts.

Possible outflow of resources due the contingent liability disclosed in note 54.

The municipality also experience difficulties to pay salaries to municipal officials.

Unless sustainable job creation is achieved, the municipality will not be able to function as a going concern without Government Grants and Subsidies.

In spite of aforementioned, management has prepared the Annual Financial Statements on the Going Concern Basis.

**57. EVENTS AFTER REPORTING PERIOD**

No events after the reporting date were identified by management that will effect the operations of the municipality or the results of those operations significantly.

**58. PRINCIPAL/AGENT AGREEMENTS**

**Agent in arrangement**

The municipality (agent) collects licencing fees on behalf of the Provincial Department of Transport and Public Works (principal). The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department. The amount retained is recorded as Agency Services in the Statement of Financial Performance. The amounts due to the Provincial Department at year end are included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

There was not a change in the significant terms and conditions from the prior year. No significant risks were noted as the municipality only collects monies on behalf of the Provincial Department of Transport and Public Works, as part of its existing service at the Traffic Department.

	2020 R	2019 R
<b>Compensation received for agency activities</b>		
Commission	302,344	654,425
<b>Total Compensation received</b>	<b>302,344</b>	<b>654,425</b>

There are no resources under the custodianship of the Municipality, nor have they been recognised as such.

## 59. COVID-19 PANDEMIC

## COVID-19 BACKGROUND

The government's risk adjusted strategy to COVID-19 commenced at level 5 in March 2020. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMFA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

## COVID-19 IMPACT ON THE MUNICIPALITY

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a result of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

## COVID-19 EXPENDITURE

The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2021.

Type of expenditure	Nature of expenditure	Supplier	Total expenditure
Spray backpack	Inventory consumed	Klein Karoo Agri	2,750
Thermometer infrared fore/Hand sanitizer 25L	Inventory consumed	Ribbens Office Solutions	10,960
Protective masks/Anti-bacterial soap/Hand sanitizer	Inventory consumed	Nuuveld Apteek	22,250
Thermometer infrared fore/Hand sanitizer 50ml	Inventory consumed	Klink Suppliers	15,844
Hand Sanitizer 25L	Inventory consumed	RWS Cleaning Services and Maintenance	80,564
Hand Sanitizer 1L	Inventory consumed	Cleanit	24,668
Anti-Bacterial Soap/Hand sanitizer 25L	Inventory consumed	Central Karoo Events	16,200
Hand Sanitizer 50ml	Inventory consumed	Proudly Karoo	15,250
Well Lazer	Inventory consumed	Thermometer infrared fore	6,325
Hand Sanitizer/Foot pedal station/Masks/Anti-bacterial soap	Inventory consumed	Kingpin Suppliers	37,231
Surgical Masks	Contracted services	Crystal Pier Trading 148	10,083
Hand Sanitizer 5L	Inventory consumed	Bidvest Walltons	8,913
Hand Sanitizer	Inventory consumed	Safarmex	7,964
			<b>258,980</b>

No grant funding in relation to COVID 19 were received

## 64 REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2021

For management purposes, the municipality is organised and operates in key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

Management receives on a monthly basis a C Schedule that provides actual amounts at that time per both the department and function.

**The key functional segments comprise of:**

**PRIMARY SEGMENTS - Municipal Function**

Vote 1 - Municipal Manager

Vote 2 - Corporate Services

Vote 3 - Financial Services

Vote 4 - Infrastructure Services

Vote 5 - Community and Social Services

**The key functional segments comprise of:**

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not have segment information per assets and liabilities. The cost to develop this would be excessive, therefore per GRAP standard it is not disclosed.

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. The Cost to develop this separately would be excessive.

Capital expenditure (additions) is reviewed by management monthly per the section 71 schedule.

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

BEAUFORT WEST LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Municipal Manager	Corporate Service	Financial Services	Infrastructure	Community Services	Total
	R	R	R	R	R	R
<b>SEGMENT REVENUE</b>						
<b>External revenue from exchange transactions</b>	(720,200)	-	5,306,169	(139,087,616)	(663,965)	(135,165,612)
Service Charges	-	-	10,886,342	(132,026,637)	-	(121,140,296)
Sales of Goods and Rendering of Services	(44,594)	-	(741,500)	(8,757)	(181,370)	(976,221)
Rental from Fixed Assets	-	-	(1,407,138)	-	-	(1,407,138)
Interest Earned - External Investments	(191,990)	-	-	-	-	(191,990)
Interest Earned - Exchange Transactions	-	-	(2,524,194)	(7,051,946)	-	(9,576,140)
Licences and Permits	-	-	(12,716)	-	(56,294)	(69,010)
Agency Services	-	-	(41,672)	-	(260,672)	(302,344)
Operational Revenue	(483,616)	-	(852,951)	(277)	(165,628)	(1,502,473)
<b>External revenue from non-exchange transactions</b>	(80,769,265)	(560,745)	(78,230,684)	(22,399,425)	(12,196,131)	(194,156,250)
Property Rates	-	-	(42,006,938)	-	-	(42,006,938)
Government Grants and Subsidies - Capital	-	-	-	(20,525,765)	(1,920,461)	(22,446,226)
Government Grants and Subsidies - Operating	(79,653,154)	(560,745)	(2,004,790)	(1,873,639)	(5,790,132)	(89,882,461)
Contributed Property, Plant and Equipment	-	-	-	-	-	-
Actuarial Gains	-	-	(4,089,240)	-	-	(4,089,240)
Fines, Penalties and Forfeits	-	-	(30,129,715)	(20)	(4,420,680)	(34,550,416)
Interest Earned - Non-exchange Transactions	(1,116,111)	-	-	-	-	(1,116,111)
Licences and Permits	-	-	-	-	(64,859)	(64,859)
<b>Total Segment Revenue</b>	(81,489,465)	(560,745)	(72,924,515)	(161,487,041)	(12,860,096)	(329,321,862)
<b>SEGMENT EXPENDITURE</b>						
Employee related costs	6,953,895	15,625,766	16,210,718	58,104,434	30,155,282	127,050,095
Remuneration of Councillors	6,228,074	-	-	-	-	6,228,074
Bad Debts Written Off	-	-	371,915	9	-	371,924
Contracted Services	1,573,263	945,875	10,934,390	8,311,844	4,826,946	26,592,317
Depreciation and Amortisation	-	213,981	20,941,729	165,676	-	21,321,386
Finance Costs	2,238,434	52,094	7,215,521	1,734,348	129,322	11,369,718
Bulk Purchases	-	-	-	79,178,146	-	79,178,146
Inventory Consumed	539,214	302,465	363,107	3,441,900	365,249	5,011,935
Operating Leases	-	93,122	-	-	93,122	186,243
Transfers and Subsidies	615,302	-	-	-	-	615,302
Operational Costs	3,883,682	4,261,372	294,782	10,831,664	1,574,460	20,845,959
<b>Total Segment Expenditure</b>	22,031,863	21,494,673	56,332,162	161,768,021	37,144,381	298,771,100
<b>Surplus/(Deficit)</b>	(59,457,602)	20,933,928	(16,592,353)	280,980	24,284,285	(30,550,762)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-	59,969,888	-	-	59,969,888
Gains/(Loss) on Sale of Fixed Assets	-	-	(503,384)	-	-	(503,384)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	-	-	-
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	(59,457,602)	20,933,928	42,874,150	280,980	24,284,285	28,915,741
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	(59,457,602)	20,933,928	42,874,150	280,980	24,284,285	28,915,741
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	(59,457,602)	20,933,928	42,874,150	280,980	24,284,285	28,915,741
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	(59,457,602)	20,933,928	42,874,150	280,980	24,284,285	28,915,741
<b>Capital expenditure per segment</b>	1,602,610	553,518	-	18,664,343	80,696	20,901,166

**APPENDIX A**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2021**

EXTERNAL LOANS	Reg No.	Rate	Supplier	Loan Number	Maturity date	Balance at 30 June 2020	Received during the period	Redeemed written off during the period	Balance at 30 June 2021
<b>LONG-TERM LOANS</b>									
<b>ANNUITY LOANS</b>									
<b>General</b>									
Sewerage Farm Merweville		6.75%	DBSA	103464/2	31/12/2024	1,131,314	-	(223,089)	908,225
Entrance Road Industrial Area		10.17%	Nedbank	5/7831033947/1	30/06/2020	319,740	-	(319,739)	0
<b>Electricity</b>									
20MVA Transformer - Sub Station		10.90%	DBSA	103464/1	31/12/2029	3,178,318	-	(204,614)	2,973,704
<b>Water Works</b>									
Farm Hansrivier		10.90%	DBSA	103464/1	31/12/2029	1,597,013	-	(102,813)	1,494,200
Pressure Control System		10.90%	DBSA	103464/1	31/12/2029	460,778	-	(29,664)	431,114
								-	-
<b>Total Annuity Loans</b>						<b>6,687,163</b>	-	<b>(879,920)</b>	<b>5,807,243</b>
<b>LEASE LIABILITY</b>									
Machine Photocopy Ricoh MP301spf	W916P905120	9.75%	Fintech	General Expenses	30/01/2020	1	-	-	1
Machine Photocopy Ricoh MP301spf	W916P905097	9.75%	Fintech	Dir: Financial Services	30/01/2020	1	-	-	1
Machine Photocopy Ricoh MP301spf	W916P905086	9.75%	Fintech	Thusong Centre	30/01/2020	1	-	-	1
Machine Photocopy Ricoh MP301spf		10.50%	Fintech	General Expenses	30/05/2020	(1)	-	-	(1)
Sedan Toyota Etio's	CZ 10137	10.50%	Eqstra	Dir: Traffic Services	30/07/2020	4,652	-	(4,652)	0
Ldv Isuzu KB250D Fleetside	CZ 9325	10.50%	Bidvest Bank	Refuse Removal	31/01/2021	42,324	-	(42,324)	1
Ldv Isuzu KB250D Fleetside	CZ 9480	10.50%	Bidvest Bank	Dir: Traffic Services	31/01/2021	46,119	-	(46,129)	(12)
Ldv Isuzu KB250D Fleetside	CZ 5524	10.50%	Bidvest Bank	Reticulation: High Voltage	30/10/2021	106,177	-	(78,230)	27,948
Ldv Isuzu KB250D Fleetside	CZ 8340	10.50%	Bidvest Bank	Reticulation Low	30/10/2021	106,177	-	(78,230)	27,948
Machine Photocopy MP301 SPF Mono MFP	W918P901293	10.50%	Ricoh	General Expenses	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901494	10.50%	Ricoh	Traffic court	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901485	10.50%	Ricoh	Stores	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901488	10.50%	Ricoh	Fire Brigade	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901302	10.50%	Ricoh	Mechanical Workshop	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901295	10.50%	Ricoh	Vehicle registration	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901292	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901449	10.50%	Ricoh	Kwa Mandlenkosi Office	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901487	10.50%	Ricoh	General Expenses	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901484	10.50%	Ricoh	General Expenses	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901470	10.50%	Ricoh	Murraysburg Administration	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901291	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901299	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901489	10.50%	Ricoh	Thusong Centre	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901298	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901486	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901493	10.50%	Ricoh	General Expenses	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918PA00934	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901495	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901301	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901296	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901490	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901297	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901294	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy MP301 SPF Mono MFP	W918P901300	10.50%	Ricoh	Dir: Financial Services	31/07/2022	19,469	-	(8,817)	10,652
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900044	10.50%	Ricoh	Stores	31/07/2022	37,236	-	(16,863)	20,372
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900077	10.50%	Ricoh	Housing Office	31/07/2022	37,236	-	(16,863)	20,372
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810435	10.50%	Ricoh	Library Church street	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810157	10.50%	Ricoh	Library Church street	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910385	10.50%	Ricoh	Dir: Engineers Services	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810438	10.50%	Ricoh	Dir: Electricity Services	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810598	10.50%	Ricoh	Dir: Community Services	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810427	10.50%	Ricoh	Dir: Financial Services	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810097	10.50%	Ricoh	Library Nelspoort	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810684	10.50%	Ricoh	Murraysburg Library	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910379	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810710	10.50%	Ricoh	Wheely Wagon Kwa Mandlenkosi	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810151	10.50%	Ricoh	Library Mimosa	31/07/2022	49,004	-	(22,193)	26,811
Machine Photocopy Ricoh MPC 6503 SP	C068CC30004	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	137,185	-	(62,129)	75,056
Cherry Picker	CZ9382	10.50%	Bidvest Bank	Reticulation: High Voltage	30/06/2022	314,442	-	(149,010)	165,432
Sedan Etios	CZ10906	10.25%	Eqstra	Dir: Financial Services	28/02/2022	120,395	-	(41,357)	79,038
<b>Total Lease Liabilities</b>						<b>1,977,721</b>	-	<b>(1,000,341)</b>	<b>977,376</b>
<b>TOTAL EXTERNAL LOANS</b>						<b>8,664,884</b>	-	<b>(1,880,261)</b>	<b>6,784,623</b>

**APPENDIX B**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
			<b>Governance and Administration</b>			
45,220,276	21,948,616	23,271,660	Executive and council	81,489,465	21,834,405	59,655,060
44,973,612	59,093,507	(14,119,895)	Finance and administration	90,307,831	159,824,485	(69,516,654)
			<b>Community and Public Safety</b>			
8,429,251	12,760,919	(4,331,667)	Community and social services	7,692,103	7,571,422	120,680
2,732,362	8,645,450	(5,913,088)	Sport and recreation	90,948	7,038,031	(6,947,083)
41,702,787	50,201,308	(8,498,520)	Public safety	4,960,163	22,755,438	(17,795,275)
304,501	1,981,071	(1,676,569)	Housing	237,612	1,603,110	(1,365,498)
			<b>Economic and Environmental Services</b>			
774,686	7,096,796	(6,322,111)	Planning and development	1,881,756	14,597,987	(12,716,231)
3,696,731	22,763,457	(19,066,726)	Road transport	2,554,947	10,422,448	(7,867,501)
			<b>Trading Services</b>			
118,586,411	84,766,556	33,819,856	Energy sources	89,092,215	89,101,477	(9,261)
37,657,914	29,469,564	8,188,350	Water management	50,522,569	23,475,883	27,046,686
23,328,085	19,128,868	4,199,217	Waste water management	18,864,160	5,498,107	13,366,053
11,431,212	23,037,408	(11,606,197)	Waste management	868,925	13,579,719	(12,710,794)
338,837,827	340,893,518	(2,055,691)	Sub Total	348,562,694	377,302,511	(28,739,817)
(11,462,044)	-	(11,462,044)	Less Inter-Departmental Charges	(175,924)	-	(175,924)
327,375,784	340,893,518	(13,517,735)	<b>Total</b>	348,386,769	377,302,511	(28,915,741)

**APPENDIX C**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R		2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R
			<b>Municipal Manager</b>			
589,490	5,340,407	(4,750,917)	Municipal Manager	800,000	4,753,463	(3,953,463)
44,630,786	16,608,209	28,022,577	Mayor and Council	80,689,465	17,102,476	63,586,989
			<b>Chief Financial Officer</b>			
44,395,325	39,627,696	4,767,629	Budget and Treasury Office	89,867,784	132,741,935	(42,874,150)
			<b>Director: Administration</b>			
578,287	19,465,811	(18,887,524)	Corporate Services	560,745	21,494,673	(20,933,928)
75,554	1,665,494	(1,589,940)	Planning and Development	1,881,787	19,293,194	(17,411,407)
			<b>Director: Community Services</b>			
8,429,251	12,760,919	(4,331,667)	Community and Social Services	12,531,535	23,440,422	(10,908,887)
2,732,362	8,645,450	(5,913,088)	Sport and Recreation	90,948	7,038,031	(6,947,083)
41,702,787	50,201,308	(8,498,520)	Public Safety	-	5,062,817	(5,062,817)
304,501	1,981,071	(1,676,569)	Housing	237,612	1,603,110	(1,365,498)
			<b>Director: Technical Services</b>			
4,395,862	28,194,759	(23,798,897)	Road Transport	2,554,947	13,117,204	(10,562,257)
118,586,411	84,766,556	33,819,856	Electricity	89,092,215	89,101,477	(9,261)
37,657,914	29,469,564	8,188,350	Water	50,522,569	23,475,883	27,046,686
23,328,085	19,128,868	4,199,217	Waste Water Management	18,864,160	5,498,107	13,366,053
11,431,212	23,037,408	(11,606,197)	Waste Management	868,925	13,579,719	(12,710,794)
338,837,827	340,893,518	(2,055,691)	Sub Total	348,562,694	377,302,511	(28,739,817)
(11,462,044)	-	(11,462,044)	Less Inter-Departmental Charges	(175,924)	-	(175,924)
327,375,784	340,893,518	(13,517,735)	<b>Total</b>	348,386,769	377,302,511	(28,915,741)

**APPENDIX D**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2021**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation						Accumulated Impairment		Accumulated Depreciation				Carrying Value	
	Opening Balance	Transfer in	Transfer out	Additions	Change in landfill site	Disposals	Closing Balance	Opening Balance	Closing Balance	Opening Balance	Depreciation	Disposals		Closing Balance
Budget & Treasury	18,981,267	-	-	-	-	403,631	18,577,636	3,500	3,500	7,561,144	1,255,522	403,631	8,413,034	10,161,102
Community & Social Services	3,580,903	-	-	-	-	-	3,580,903	-	-	1,819,623	461,335	-	2,280,958	1,299,945
Corporate Services	119,155,415	-	-	553,518	-	-	119,708,932	17,523,345	17,523,345	6,691,145	976,706	-	7,667,852	94,517,736
Electricity	128,570,856	3,949,498	(3,949,498)	4,504,946	-	-	133,075,801	-	-	23,776,245	4,119,909	-	27,896,154	105,179,647
Executive & Council	12,326,458	-	-	1,602,610	-	-	13,929,067	780,700	780,700	3,724,429	244,911	-	3,969,340	9,179,027
Housing	58,759	-	-	-	-	-	58,759	-	-	18,563	17,926	-	36,490	22,269
Planning & Development	1,496,064	-	-	-	-	-	1,496,064	-	-	1,043,841	154,814	-	1,198,655	297,409
Public Safety	2,694,881	-	-	-	-	144,878	2,550,003	-	-	881,924	301,378	144,878	1,038,424	1,511,579
Road Transport	196,096,352	4,000,221	(4,000,221)	2,278,147	-	67,175	198,307,323	-	-	59,251,647	5,985,955	62,769	65,174,833	133,132,490
Sport & Recreation	21,215,779	-	-	80,696	-	-	21,296,475	-	-	2,584,992	778,731	-	3,363,722	17,932,753
Waste Management	29,808,966	-	-	-	(12,631,713)	-	17,177,253	-	-	13,321,864	447,358	-	13,769,222	3,408,031
Waste Water Management	100,220,833	-	-	306,001	-	58,568	100,468,267	-	-	18,640,432	3,199,764	57,785	21,782,411	78,685,856
Water	104,965,776	-	-	11,575,249	-	-	116,541,025	-	-	28,046,282	3,377,079	-	31,423,361	85,117,664
	<b>739,172,308</b>			<b>20,901,166</b>	<b>(12,631,713)</b>	<b>674,252</b>	<b>746,767,509</b>	<b>18,307,545</b>	<b>18,307,545</b>	<b>167,362,132</b>	<b>21,321,386</b>	<b>669,063</b>	<b>188,014,456</b>	<b>540,445,508</b>

**APPENDIX E**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR 30 JUNE 2021**

Grant Description	Balance 1 July 2020	Correction of Error	Restated Balance 30 June 2020	Contributions during the year	Transfers	Repaid to National Provincial Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT Transferred to Revenue	Balance 30 June 2021
<b>National Government Grants</b>										
Equitable Share	-	-	-	73,778,000	3,702,092	-	(77,480,092)	-	-	(0)
Local Government Financial Management Grant	-	-	-	1,700,000	-	-	(1,545,846)	-	(154,154)	-
Municipal Infrastructure Grant	-	-	-	-	-	-	-	-	-	-
PMU	-	-	-	695,300	-	-	(546,388)	-	-	148,912
Kwa-Mandlenkosi: Upgrade Sports Stadium	839,030	-	839,030	152,448	(839,030)	-	-	(80,696)	-	71,752
Merweville: Kamp Street: Upgrading of Gravel Roads	1,029,415	-	1,029,415	2,554,947	(1,029,415)	-	-	(2,221,693)	(333,254)	-
Beaufort West: Expansion of Goue Akker Cemetery	621,729	-	621,729	1,839,757	(621,729)	-	-	(1,599,795)	(239,969)	(8)
Merweville: Construction of New Reservoir	-	-	-	4,512,290	-	-	-	(3,923,677)	(588,552)	61
Murraysburg: Construction of Two (2) New Reservoirs	-	-	-	3,979,258	-	-	-	(3,460,225)	(519,034)	(1)
Nelspoort : New Bulk Water Supply	810,961	-	810,961	-	(810,961)	-	-	-	-	-
Integrated National Electrification Grant	45,641	-	45,641	5,214,000	(45,641)	-	-	(4,504,946)	(675,742)	33,313
Expanded Public Works Programme Integrated Grant	355,316	-	355,316	1,859,000	(355,316)	-	(1,767,267)	-	-	91,733
<b>Total National Government Grants</b>	<b>3,702,092</b>	<b>-</b>	<b>3,702,092</b>	<b>96,285,000</b>	<b>-</b>	<b>-</b>	<b>(81,339,593)</b>	<b>(15,791,033)</b>	<b>(2,510,704)</b>	<b>345,762</b>
<b>Provincial Government Grants</b>										
Human Settlements Development Grant (Beneficiaries)	710	-	710	-	-	-	-	-	-	710
Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)	203,871	-	203,871	-	-	-	-	-	-	203,871
Human Settlements Development Grant - Tile Deeds Restoration	705,775	-	705,775	-	-	-	-	-	-	705,775
Human Settlements - Municipal Accreditation and Capacity Building Grant	143,889	-	143,889	252,000	-	-	(237,612)	-	-	158,277
Provincial Treasury : Financial Management Capacity Building Grant	980,000	-	980,000	300,000	-	-	-	-	-	1,280,000
Provincial Treasury : Financial Management Support Grant	-	-	-	1,000,000	-	-	(695,652)	-	(104,348)	200,000
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	530,968	-	530,968	6,207,000	-	-	(5,857,310)	-	-	880,658
Department of Local Government : Fire Service Capacity Building Grant	154,074	-	154,074	-	-	-	-	-	-	154,074
Department of Local Government : Local Government Support Grant	102,903	-	102,903	-	-	-	(102,903)	-	-	-
Fire and Drought Relief Grant	17,097	-	17,097	-	-	-	-	-	-	17,097
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	125,496	-	125,496	206,000	-	-	(116,212)	-	-	215,284
Department of Local Government : Thusong Services Centres Grant (Operational Support Grant)	73,517	-	73,517	150,000	-	-	(109,013)	-	(11,717)	102,787
Department of Local Government : Municipal Drought Relief Grant	5,978,107	-	5,978,107	600,000	-	-	(1,153,947)	(3,737,950)	(560,693)	1,125,517
<b>Total Provincial Government Grants</b>	<b>9,016,408</b>	<b>-</b>	<b>9,016,408</b>	<b>8,715,000</b>	<b>-</b>	<b>-</b>	<b>(8,272,650)</b>	<b>(3,737,950)</b>	<b>(676,757)</b>	<b>5,044,051</b>
<b>District Municipality</b>										
Central Karoo District Municipality	400,000	-	400,000	-	-	-	-	-	-	400,000
<b>Total District Municipality Grants</b>	<b>400,000</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>
<b>Total Grants</b>	<b>13,118,499</b>	<b>-</b>	<b>13,118,499</b>	<b>105,000,000</b>	<b>-</b>	<b>-</b>	<b>(89,612,242)</b>	<b>(19,528,983)</b>	<b>(3,187,462)</b>	<b>5,789,813</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Description	2020/2021								2019/2020
	Original Budget	Budget Adjustments (i.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
<b>R thousands</b>									
<b><u>Financial Performance</u></b>									
Property rates	40,903	639	41,543	42,007	-	464	1.1%	2.7%	39,564
Service charges	135,403	(1,884)	133,518	121,140	-	(12,378)	-9.3%	-10.5%	126,769
Investment revenue	5,953	(517)	5,436	10,884	-	5,448	100.2%	82.8%	5,099
Transfers recognised - operational	84,105	9,184	93,290	89,882	-	(3,407)	-3.7%	6.9%	76,735
Other own revenue	61,801	89	61,890	43,465	-	(18,425)	-29.8%	-29.7%	50,443
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328,165</b>	<b>7,511</b>	<b>335,677</b>	<b>307,379</b>	<b>-</b>	<b>(28,298)</b>	<b>8.4%</b>	<b>-6.3%</b>	<b>298,610</b>
Employee costs	119,705	6,825	126,530	127,050	520	520	0.4%	6.1%	119,967
Remuneration of councillors	6,515	-	6,515	6,228	-	(286)	-4.4%	-4.4%	6,286
Depreciation & asset impairment	25,096	-	25,096	21,321	-	(3,775)	-15.0%	-15.0%	22,679
Finance charges	3,124	(329)	2,795	11,370	8,574	8,574	306.8%	264.0%	7,715
Materials and bulk purchases	85,842	6,338	92,180	84,190	84,190	(7,990)	-8.7%	-1.9%	75,047
Transfers and grants	500	1,683	2,183	615	-	(1,568)	-71.8%	23.1%	510
Other expenditure	106,393	(4,552)	101,841	107,966	-	6,126	6.0%	1.5%	108,982
<b>Total Expenditure</b>	<b>347,175</b>	<b>9,965</b>	<b>357,140</b>	<b>358,741</b>	<b>31,873</b>	<b>1,601</b>	<b>0.4%</b>	<b>3.3%</b>	<b>341,186</b>
<b>Surplus/(Deficit)</b>	<b>(19,009)</b>	<b>(2,454)</b>	<b>(21,463)</b>	<b>(51,362)</b>	<b>-</b>	<b>(29,899)</b>	<b>139.3%</b>	<b>170.2%</b>	<b>(42,577)</b>
Transfers recognised - capital	20,811	1,973	22,784	22,446	-	(337)	-1.5%	7.9%	27,800
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	1,259
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,801</b>	<b>(481)</b>	<b>1,320</b>	<b>(28,916)</b>	<b>-</b>	<b>(30,236)</b>	<b>-2290.0%</b>	<b>-1705.3%</b>	<b>(13,518)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1,801</b>	<b>(481)</b>	<b>1,320</b>	<b>(28,916)</b>	<b>-</b>	<b>(30,236)</b>	<b>-2290.0%</b>	<b>-1705.3%</b>	<b>(13,518)</b>
<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>									
Transfers recognised - capital	20,811	1,973	22,784	22,446	-	(337)	-1.5%	7.9%	27,800
Public contributions & donations	-	-	-	-	-	-	0.0%	0.0%	1,259
Borrowing	-	-	-	-	-	-	0.0%	0.0%	-
Internally generated funds	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-
<b>Total sources of capital funds</b>	<b>20,811</b>	<b>1,973</b>	<b>22,784</b>	<b>-</b>	<b>-</b>	<b>(337)</b>	<b>-100.0%</b>	<b>-100.0%</b>	<b>29,059</b>
<b><u>Cash flows</u></b>									
Net cash from (used) operating	26,898	6,373	33,270	31,857	-	(1,413)	-4.2%	18.4%	22,576
Net cash from (used) investing	(35,897)	11,205	(24,692)	(25,699)	-	(1,007)	4.1%	-28.4%	(19,722)
Net cash from (used) financing	7,816	(9,697)	(1,880)	(1,880)	-	(0)	0.0%	-124.1%	(2,989)
<b>Cash/cash equivalents at the year end</b>	<b>458</b>	<b>7,881</b>	<b>6,698</b>	<b>4,278</b>	<b>-</b>	<b>(2,420)</b>	<b>-36.1%</b>	<b>833.3%</b>	<b>(135)</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2020/2021								2019/2020			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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
<b>R thousand</b>												
<b>Revenue - Standard</b>												
<i>Governance and administration</i>	67,792	5,276	73,068	171,797		98,729	135.12%	145.63%				90,194
Executive and council	14,034	3,649	17,683	81,489		63,806	360.82%	454.65%				45,220
Finance and administration	53,758	1,627	55,385	90,308		34,923	63.05%	64.96%				44,974
Internal audit	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<i>Community and public safety</i>	72,931	(3,785)	69,146	12,981		(56,165)	-81.23%	-77.01%				53,169
Community and social services	9,010	197	9,207	7,692		(1,515)	-16.45%	-16.81%				8,429
Sport and recreation	472	152	625	91		(534)	-85.44%	-113.02%				2,732
Public safety	58,871	-	58,871	4,960		(53,910)	-91.57%	-91.57%				41,703
Housing	4,578	(4,134)	444	238		(206)	-46.47%	-4.51%				305
<i>Economic and environmental services</i>	6,988	(2,467)	4,521	4,437		(84)	-1.87%	-1.21%				4,471
Planning and development	1,916	-	1,916	1,882		(34)	-1.80%	-1.80%				775
Road transport	5,072	(2,467)	2,605	2,555		(50)	-1.92%	-0.99%				3,697
<i>Trading services</i>	201,265	10,460	211,725	159,348		(52,377)	-24.74%	-26.02%				178,026
Electricity	105,190	(1,981)	103,209	89,092		(14,116)	-13.68%	-13.42%				117,428
Water	44,578	9,490	54,068	50,523		(3,546)	-6.56%	-7.95%				37,300
Waste water management	31,275	1,386	32,661	18,864		(13,797)	-42.24%	-44.11%				23,328
Waste management	20,222	1,565	21,787	869		(20,918)	-96.01%	-103.44%				11,431
<i>Other</i>	-	-	-	-		-	0.00%	0.00%				(11,462)
<b>Total Revenue - Standard</b>	<b>348,976</b>	<b>9,484</b>	<b>358,460</b>	<b>348,563</b>		<b>(9,898)</b>	<b>-2.76%</b>	<b>-2.84%</b>				<b>325,860</b>
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>	71,272	5,955	77,227	181,659	-	104,431	135.2%	146.5%	-	-	-	81,042
Executive and council	20,057	3,719	23,775	21,834	-	(1,941)	-8.2%	-9.7%	-	-	-	21,949
Finance and administration	49,461	2,169	51,630	159,824	-	108,195	209.6%	218.7%	-	-	-	59,093
Internal audit	1,755	68	1,822	-	-	(1,822)	-100.0%	-103.8%	-	-	-	-
<i>Community and public safety</i>	90,172	(2,086)	88,085	39,144	-	(48,942)	-55.6%	-54.3%	-	-	-	73,589
Community and social services	9,416	491	9,907	7,747	-	(2,160)	-21.8%	-22.9%	-	-	-	12,761
Sport and recreation	11,048	490	11,538	7,038	-	(4,500)	-39.0%	-40.7%	-	-	-	8,645
Public safety	63,321	960	64,281	22,755	-	(41,525)	-64.6%	-65.6%	-	-	-	50,201
Housing	6,385	(4,026)	2,360	1,603	-	(757)	-32.1%	-11.8%	-	-	-	1,981
<i>Economic and environmental services</i>	30,576	1,071	31,647	25,020	-	(6,626)	-20.9%	-21.7%	-	-	-	29,860
Planning and development	7,574	236	7,810	14,598	-	6,788	86.9%	89.6%	-	-	-	7,097
Road transport	23,001	836	23,837	10,422	-	(13,414)	-56.3%	-58.3%	-	-	-	22,763
<i>Trading services</i>	155,155	5,025	160,180	131,655	-	(28,525)	-17.8%	-18.4%	-	-	-	154,887
Electricity	94,264	2,815	97,080	89,101	-	(7,978)	-8.2%	-8.5%	-	-	-	83,609
Water	33,431	1,701	35,132	23,476	-	(11,656)	-33.2%	-34.9%	-	-	-	29,112
Waste water management	12,687	344	13,031	5,498	-	(7,533)	-57.8%	-59.4%	-	-	-	19,129
Waste management	14,773	165	14,938	13,580	-	(1,358)	-9.1%	-9.2%	-	-	-	23,037
<b>Total Expenditure - Standard</b>	<b>347,175</b>	<b>9,965</b>	<b>357,140</b>	<b>377,478</b>	-	<b>20,338</b>	<b>5.7%</b>	<b>5.9%</b>	-	-	-	<b>339,378</b>
<b>Surplus/(Deficit) for the year</b>	<b>1,801</b>	<b>(481)</b>	<b>1,320</b>	<b>(28,916)</b>	-	<b>(30,236)</b>	<b>-2290.0%</b>	<b>-1678.6%</b>	-	-	-	<b>(13,517)</b>

**APPENDIX F - Unaudited  
BEAUFORT WEST LOCAL MUNICIPALITY  
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021  
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Vote Description	2020/2021								2019/2020			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - Municipal Manager	-	-	-	81,489		-	0.0%	0.0%				45,220
Vote 2 - Director: Corporate Service	20,495	4,180	24,675	561		-	0.0%	0.0%				654
Vote 3 - Director: Financial Services	43,619	1,538	45,158	72,925		-	0.0%	0.0%				44,395
Vote 4 - Director: Infrastructure	190,981	6,182	197,163	161,487		-	0.0%	0.0%				66,509
Vote 5 - Director: Community Services	93,881	(2,417)	91,464	12,860		-	-	-				53,169
Vote 6 - Director: Electrical Services	104,942	(104,942)	-			-	-	-				117,428
<b>Total Revenue by Vote</b>	<b>453,918</b>	<b>(95,458)</b>	<b>358,460</b>	<b>329,322</b>		<b>-</b>	<b>0.0%</b>	<b>0.0%</b>				<b>327,375</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - Municipal Manager	6,718	316	7,034	22,032	14,998	-	0.0%	0.0%	-	-	-	21,949
Vote 2 - Director: Corporate Service	39,395	4,384	43,778	21,495	-	-	0.0%	0.0%	-	-	-	21,131
Vote 3 - Director: Financial Services	26,040	1,886	27,926	115,799	-	-	0.0%	0.0%	-	-	-	39,628
Vote 4 - Director: Infrastructure	174,730	5,638	180,368	161,768	87,873	-	0.0%	0.0%	-	-	-	99,831
Vote 5 - Director: Community Services	100,292	(2,258)	98,034	37,144	-	-	0.0%	0.0%	-	-	-	73,589
<b>Total Expenditure by Vote</b>	<b>347,175</b>	<b>9,965</b>	<b>357,140</b>	<b>358,238</b>	<b>102,871</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>340,893</b>
<b>Surplus/(Deficit) for the year</b>	<b>106,743</b>	<b>(105,423)</b>	<b>1,320</b>	<b>(28,916)</b>		<b>-</b>	<b>0.0%</b>	<b>0.0%</b>				<b>(13,518)</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Description	2020/2021								2019/2020			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments 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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	40,903	639	41,543	42,007		464	1.1%	1.1%				39,564
Service charges - electricity revenue	85,273	(77)	85,195	70,631		(14,564)	-17.1%	-17.1%				82,028
Service charges - water revenue	22,631	(1,497)	21,135	23,747		2,613	12.4%	11.5%				19,492
Service charges - sanitation revenue	18,087	(337)	17,750	17,566		(184)	-1.0%	-1.0%				16,589
Service charges - refuse revenue	9,411	27	9,439	9,196		(243)	-2.6%	-2.6%				8,659
Rental of facilities and equipment	1,358	89	1,447	1,407		(39)	-2.7%	-2.9%				1,378
Interest earned - external investments	1,155	(775)	380	192		(188)	-49.5%	-16.3%				284
Interest earned - outstanding debtors	4,798	258	5,056	10,692		5,636	111.5%	117.5%				4,815
Fines, penalties and forfeits	57,326	-	57,326	34,550		(22,775)	-39.7%	-39.7%				41,877
Licences and permits	580	56,746	580	134		(57,192)	-99.8%	-9860.6%				230
Agency services	968	(388)	580	302		(278)	-47.9%	-28.7%				654
Transfers and subsidies	84,105	(83,137)	93,290	89,882		88,914	9185.4%	105.7%				76,735
Other revenue	1,570	91,720	1,570	6,568		(86,722)	-93.0%	-5523.7%				6,304
Gains on disposal of PPE	-	1,570	0	503		(1,067)	-67.9%	#DIV/0!				-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>328,165</b>	<b>63,267</b>	<b>335,677</b>	<b>307,379</b>		<b>(84,557)</b>	<b>-27.5%</b>	<b>-25.8%</b>				<b>298,610</b>
<b>Expenditure By Type</b>												
Employee related costs	119,705	6,825	126,530	127,050	520	520	0.4%	0.4%	-	-	-	119,967
Remuneration of councillors	6,515	-	6,515	6,228	-	(286)	-4.4%	-4.4%	-	-	-	6,286
Debt impairment	54,689	-	54,689	59,970	5,280	5,280	9.7%	9.7%	-	-	-	48,715
Depreciation & asset impairment	25,096	-	25,096	21,321	-	(3,775)	-15.0%	-15.0%	-	-	-	22,679
Finance charges	3,124	(329)	2,795	11,370	8,574	8,574	306.8%	274.5%	-	-	-	7,715
Bulk purchases	76,701	2,300	79,000	79,178	178	178	0.2%	0.2%	-	-	-	70,714
Other materials	9,141	4,039	13,180	5,012	-	(8,168)	-62.0%	-89.4%	-	-	-	4,333
Contracted services	24,931	(2,887)	22,044	26,592	4,548	4,548	20.6%	18.2%	-	-	-	30,317
Transfers and grants	500	1,683	2,183	615	-	(1,568)	-71.8%	-313.5%	-	-	-	510
Other expenditure	26,772	(1,665)	25,107	21,404	-	(3,703)	-14.7%	-13.8%	-	-	-	29,950
Loss on disposal of PPE	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Total Expenditure</b>	<b>347,175</b>	<b>9,965</b>	<b>357,140</b>	<b>358,741</b>	<b>19,101</b>	<b>1,601</b>	<b>0.4%</b>	<b>0.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>341,186</b>
<b>Surplus/(Deficit)</b>	<b>(19,009)</b>	<b>53,302</b>	<b>(21,463)</b>	<b>(51,362)</b>		<b>(29,899)</b>	<b>139.3%</b>	<b>157.3%</b>				<b>(42,577)</b>
Transfers recognised - capital	20,811	1,973	22,784	22,446		(337)	-1.5%	-1.6%				27,800
Contributions recognised - capital	-	-	-	-		-	#DIV/0!	#DIV/0!				1,259
Contributed assets	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1,801</b>	<b>(481)</b>	<b>1,320</b>	<b>(28,916)</b>			<b>-2290.0%</b>	<b>-1678.6%</b>				<b>(13,518)</b>
Taxation	-	-	-	-		(30,236)	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) after taxation</b>	<b>1,801</b>	<b>(481)</b>	<b>1,320</b>	<b>(28,916)</b>		<b>(30,236)</b>	<b>-2290.0%</b>	<b>-1678.6%</b>				<b>(13,518)</b>
Attributable to minorities	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>1,801</b>	<b>(481)</b>	<b>1,320</b>	<b>(28,916)</b>		<b>(30,236)</b>	<b>-2290.0%</b>	<b>-1678.6%</b>				<b>(13,518)</b>
Share of surplus/ (deficit) of associate	-	-	-	-		-	#DIV/0!	#DIV/0!				-
<b>Surplus/(Deficit) for the year</b>	<b>1,801</b>	<b>(481)</b>	<b>1,320</b>	<b>(28,916)</b>		<b>(30,236)</b>	<b>-2290.0%</b>	<b>-1678.6%</b>				<b>(13,518)</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Vote Description	2020/2021								2019/2020			
	Original Budget	Total Budget Adjustments (I.L.O. MFMA s28)	Final adjustments 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
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - Municipal Manager	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 2 - Director: Corporate Service	650	-	650	-	-	(650)	-100%	-100%	-	-	-	-
Vote 3 - Director: Financial Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Vote 4 - Director: Engineering Services	7,235	(5,395)	1,840	-	-	(1,840)	-100%	-25%	-	-	-	-
Vote 5 - Director: Community Services	777	(777)	-	-	-	-	#DIV/0!	0%	-	-	-	-
Vote 6 - Director: Electrical Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>8,661</b>	<b>(6,171)</b>	<b>2,490</b>	<b>-</b>	<b>-</b>	<b>(2,490)</b>	<b>-100%</b>	<b>-29%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure</b>												
Vote 1 - Municipal Manager	-	-	-	3	3	3	#DIV/0!	#DIV/0!	-	-	-	-
Vote 2 - Director: Corporate Service	322	156	478	2,153	1,675	1,675	351%	520%	-	-	-	66
Vote 3 - Director: Financial Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	654
Vote 4 - Director: Engineering Services	22,114	(542)	21,572	18,664	-	(2,907)	-13%	-13%	-	-	-	7,656
Vote 5 - Director: Community Services	4,800	(4,648)	152	81	-	(72)	-47%	-1%	-	-	-	226
Vote 6 - Director: Electrical Services	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	17,821
<b>Capital single-year expenditure</b>	<b>27,236</b>	<b>(5,034)</b>	<b>22,202</b>	<b>20,901</b>	<b>1,678</b>	<b>(1,301)</b>	<b>-6%</b>	<b>-5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,423</b>
<b>Total Capital Expenditure - Vote</b>	<b>35,897</b>	<b>(11,205)</b>	<b>24,692</b>	<b>20,901</b>	<b>1,678</b>	<b>(3,791)</b>	<b>-15%</b>	<b>-11%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,423</b>
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	<b>8,972</b>	<b>(8,000)</b>	<b>972</b>	<b>2,156</b>	<b>1,483</b>	<b>1,184</b>	<b>122%</b>	<b>13%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315</b>
Executive and council	120	-	120	1,603	1,483	-	1236%	1236%	-	-	-	871
Finance and administration	8,852	(8,000)	852	554	-	(298)	-35%	-3%	-	-	-	(556)
Internal audit	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Community and public safety</b>	<b>3,118</b>	<b>(970)</b>	<b>2,148</b>	<b>89</b>	<b>-</b>	<b>(2,059)</b>	<b>-96%</b>	<b>-66%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,086</b>
Community and social services	2,341	(346)	1,996	9	-	(1,987)	-100%	-85%	-	-	-	472
Sport and recreation	777	(624)	152	81	-	(72)	-47%	-9%	-	-	-	2,455
Public safety	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	107
Housing	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	51
Health	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Economic and environmental services</b>	<b>1,831</b>	<b>865</b>	<b>2,696</b>	<b>2,278</b>	<b>-</b>	<b>(418)</b>	<b>-16%</b>	<b>-23%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,364</b>
Planning and development	-	76	76	-	-	(76)	-100%	#DIV/0!	-	-	-	49
Road transport	1,831	789	2,620	2,278	-	(342)	-13%	-19%	-	-	-	2,314
Environmental protection	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Trading services</b>	<b>21,976</b>	<b>(3,101)</b>	<b>18,876</b>	<b>16,386</b>	<b>-</b>	<b>(2,489)</b>	<b>-13%</b>	<b>-11%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,658</b>
Electricity	7,320	(2,106)	5,214	4,505	-	(709)	-14%	-10%	-	-	-	17,821
Water	9,856	3,455	13,312	11,575	-	(1,736)	-13%	-18%	-	-	-	2,770
Waste water management	-	350	350	306	-	(44)	-13%	#DIV/0!	-	-	-	67
Waste management	4,800	(4,800)	-	-	-	-	#DIV/0!	0%	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>35,897</b>	<b>(10,211)</b>	<b>24,692</b>	<b>20,910</b>	<b>1,483</b>	<b>(3,782)</b>	<b>-15%</b>	<b>-11%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,423</b>
<b>Funded by:</b>												
National Government	19,611	(1,282)	18,329	20,345	-	2,016	11%	10%	-	-	-	24,207
Provincial Government	1,200	3,255	4,455	-	-	(4,455)	-100%	-371%	-	-	-	-
District Municipality	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
<b>Transfers recognised - capital</b>	<b>20,811</b>	<b>1,973</b>	<b>22,784</b>	<b>20,345</b>	<b>-</b>	<b>(2,439)</b>	<b>-11%</b>	<b>-12%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,207</b>
Public contributions & donations	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	1,259
<b>Borrowing</b>	<b>12,800</b>	<b>(12,800)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>645</b>
Internally generated funds	2,286	(378)	1,908	565	-	(1,343)	-70%	-59%	-	-	-	313
<b>Total Capital Funding</b>	<b>35,897</b>	<b>(11,205)</b>	<b>24,692</b>	<b>20,910</b>	<b>-</b>	<b>(3,782)</b>	<b>-15%</b>	<b>-11%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,423</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**  
**CASH FLOWS**

Description	2020/21							2019/20
	Original Budget	Budget Adjustments (i.l.o. s26)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates, penalties and collection charges	36,813	(5,656)	31,157	42,007	10,850	34.8%	14.1%	39,564
Service charges	126,126	(12,123)	114,003	62,942	(51,061)	-44.8%	-50.1%	50,941
Other revenue	20,479	(12,861)	7,618	46,558	38,940	511.2%	127.3%	50,769
Government - operating	84,105	9,184	93,290	82,554	(10,736)	-11.5%	-1.8%	83,571
Government - capital	20,811	1,973	22,784	22,446	(337)	-1.5%	7.9%	27,800
Interest	5,953	(517)	5,436	3,253	(2,183)	-40.2%	-45.3%	284
<b>Payments</b>								
Suppliers and employees	(263,765)	27,726	(236,039)	(220,613)	15,426	-6.5%	-16.4%	(227,332)
Finance charges	(3,124)	329	(2,795)	(7,291)	(4,495)	160.8%	133.4%	(3,021)
Transfers and Grants	(500)	(1,683)	(2,183)	-	2,183	-100.0%	-100.0%	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>26,898</b>	<b>6,373</b>	<b>33,270</b>	<b>31,857</b>	<b>-</b>	<b>-4.2%</b>	<b>18.4%</b>	<b>22,576</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
<b>Payments</b>								
Capital assets	(35,897)	11,205	(24,692)	(25,699)	(1,007)	4.1%	-28.4%	(19,722)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(35,897)</b>	<b>11,205</b>	<b>(24,692)</b>	<b>(25,699)</b>	<b>-</b>	<b>4.1%</b>	<b>-28.4%</b>	<b>(19,722)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Borrowing long term/refinancing	12,800	(12,800)	-	-	-	#DIV/0!	-100.0%	-
Increase (decrease) in consumer deposits	-	-	-	-	-	#DIV/0!	#DIV/0!	-
<b>Payments</b>								
Repayment of borrowing	(4,984)	3,103	(1,880)	(1,880)	(0)	0.0%	-62.3%	(2,989)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>7,816</b>	<b>(9,697)</b>	<b>(1,880)</b>	<b>(1,880)</b>	<b>-</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(2,989)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1,183)</b>	<b>-</b>	<b>6,698</b>	<b>4,278</b>				<b>(135)</b>
Cash/cash equivalents at the year begin:	1,641	(14,198)	(12,556)	(12,556)				(12,421)
Cash/cash equivalents at the year end:	458	(6,317)	(5,858)	(8,279)	(2,420)	41.3%	-1906.2%	(12,556)