

Beaufort West

MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS 30 JUNE 2022

BEAUFORT WEST LOCAL MUNICIPALITY

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BEAUFORT WES LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2022, 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) as 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 these provide reasonable assurance that financial records can be relied on.

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.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2023 and I am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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.


Dr Ralph Ronald Links
Acting Municipal Manager

18 January 2023

BEAUFORT WES LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

G.Pietersen

DEPUTY EXECUTIVE MAYOR

LV.Piti

SPEAKER

N.Constable

CHIEF WHIP

A.M. Kilani

EXECUTIVE COUNCILLOR

CL.de Bruin
N.Abrahams

MUNICIPAL MANAGER

Dr Ralph Ronald Links (acting)

CHIEF FINANCIAL OFFICER

NP Mabhena (acting)

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)

PRIMARY BANKERS

Nedbank, Beaufort West

RELEVANT LEGISLATION

SALGABC 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)
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)
All Local Government Regulations issued by relevant Minister

Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
SALGABC 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	R.Skuza	Proportional	N.Constable
2	JDK.Reynolds	Proportional	S.Essop
3	EF.Botha	Proportional	SM.Meyers
4	CL.de Bruin	Proportional	G.Pietersen
5	VL.Piti	Proportional	AM.Slabbert
6	N.Abrahams	Proportional	JJ.van der Linde
7	LB.J.Mdudumani		

BEAUFORT WES LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R	2021 Restated R
ASSETS			
Non-Current Assets		436,041,888	444,774,525
Property, Plant and Equipment	2	423,175,455	431,730,688
Investment Property	3	6,391,284	6,605,265
Intangible Assets	4	138,296	257,155
Heritage Assets	5	5,225,000	5,225,000
Non-Current Receivables from Exchange Transactions	6	850,237	731,376
Non-Current Receivables from Non-Exchange Transactions	7	261,616	225,042
Current Assets		127,812,476	86,971,116
Inventory	9	3,423,769	3,227,586
Receivables from Exchange Transactions	10	21,171,614	20,035,667
Receivables from Non-exchange Transactions	11	73,786,647	45,769,512
Operating Lease Asset	8	56,736	144,083
Taxes	21	10,583,046	9,826,506
Current Portion of Non-Current Receivables	6&7	2,404,783	1,742,763
Cash and Cash Equivalents	12.1	16,385,881	6,224,999
Total Assets		563,854,364	531,745,642
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		50,536,550	46,938,563
Long-term Borrowings	13	4,522,919	5,282,085
Non-current Provisions	14	14,659,321	14,216,167
Non-current Employee Benefits	15	31,354,310	27,440,311
Current Liabilities		184,294,583	145,523,512
Consumer Deposits	16	3,841,783	3,458,886
Current Employee Benefits	18	14,571,137	14,901,924
Trade and Other Payables from Exchange Transactions	19	154,291,132	105,366,831
Unspent Transfers and Subsidies	20	10,831,365	5,789,813
Cash and Cash Equivalents	12.2	-	14,503,525
Current Portion of Long-term Borrowings	13	759,166	1,502,533
Total Liabilities		234,831,133	192,462,075
Net Assets		329,023,231	339,283,566
Housing Development Fund	22	3,789,518	3,789,518
Self Insurance Reserve	22	314,827	314,827
Accumulated Surplus		324,918,886	335,179,221
Total Net Assets and Liabilities		563,854,363	531,745,641

BEAUFORT WES LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R	2021 Restated R
REVENUE			
Revenue from Non-exchange Transactions		175,065,276	189,862,254
Taxation Revenue		45,484,089	41,976,531
Property Rates	23	45,484,089	41,976,531
Transfer Revenue		97,248,902	112,328,687
Government Grants and Subsidies - Capital	24	14,852,792	22,446,226
Government Grants and Subsidies - Operating	24	81,602,115	89,882,461
Contributed Property, Plant and Equipment	25	793,995	-
Other Revenue		32,332,285	35,557,037
Fines, Penalties and Forfeits		30,583,602	34,550,416
Interest Earned - Non-exchange Transactions		1,628,231	941,763
Licences and Permits	26	120,452	64,859
Revenue from Exchange Transactions		143,441,045	135,156,541
Service Charges	27	131,051,897	121,133,836
Sales of Goods and Rendering of Services	28	660,477	976,221
Rental from Fixed Assets	29	1,398,579	1,407,138
Interest Earned - External Investments	30	540,859	191,990
Interest Earned - Exchange Transactions	31	6,243,807	9,573,994
Licences and Permits	26	209,854	69,010
Agency Services		462,007	302,344
Operational Revenue	32	2,873,566	1,502,007
Total Revenue		318,506,322	325,018,795
EXPENDITURE			
Employee related costs	33	124,977,211	127,050,095
Remuneration of Councillors	34	6,172,695	6,228,074
Bad Debts Written Off		164,298	371,924
Contracted Services	35	14,274,933	26,592,317
Depreciation and Amortisation	36	24,037,384	24,607,046
Finance Costs	37	11,383,523	11,369,718
Bulk Purchases	38	86,429,430	79,178,146
Inventory Consumed	9	4,341,545	5,011,935
Operating Leases		-	186,243
Transfers and Subsidies	39	500,000	615,302
Operational Costs	40	28,260,001	20,845,959
Total Expenditure		300,541,019	302,056,760
Operating Surplus/(Deficit) for the Year		17,965,303	22,962,035
Reversal of Impairment Loss/(Impairment Loss) on Receivables	41	(26,231,521)	(59,969,888)
Gains/(Loss) on Sale of Fixed Assets	42	(490,518)	503,384
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		-	-
Actuarial gain/(loss)	15	(1,503,600)	4,089,240
NET SURPLUS/(DEFICIT) FOR THE YEAR		(10,260,336)	(32,415,228)

BEAUFORT WES LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Housing Development Fund R	Self Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2020	3,789,518	314,827	460,936,209	465,040,554
Restated balance	3,789,518	314,827	460,936,209	465,040,554
Net Surplus/(Deficit) for the year	-	-	(28,915,741)	(28,915,741)
Balance at 30 June 2021	3,789,518	314,827	432,020,468	436,124,813
Correction of Error - note 43	-	-	(96,841,247)	(96,841,247)
Restated balance	3,789,518	314,827	335,179,221	339,283,566
Net Surplus/(Deficit) for the year	-	-	(10,260,336)	(10,260,336)
Balance at 30 June 2022	3,789,518	314,827	324,918,886	329,023,231

BEAUFORT WES LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
	Notes	R	Restated R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Cash receipts from customers		157,366,918	151,507,030
Government		104,268,928	105,000,000
Interest		8,412,897	3,253,439
Cash payments			
Suppliers and Employees		(218,498,563)	(220,612,787)
Finance Charges		(7,083,538)	(7,290,739)
Grants repaid		(2,772,470)	-
Net Cash from Operating Activities	44	41,694,172	31,856,943
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(15,527,233)	(25,698,888)
Net Cash from Investing Activities		(15,527,233)	(25,698,888)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,502,533)	(1,880,261)
Net Cash from Financing Activities		(1,502,533)	(1,880,261)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		24,664,405	4,277,794
Cash and Cash Equivalents at the beginning of the year		(8,278,525)	(12,556,318)
Cash and Cash Equivalents at the end of the year	45	16,385,881	(8,278,525)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		24,664,406	4,277,793

BEAUFORT WES LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	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	(i.t.o. s31 of the MFMA)	R	R	2022 R	%	
ASSETS									
Current Assets									
Cash	5,007,498	(4,935,813)	71,685			71,685	2,948,668	4013%	The budget amount is with reference only to cash on hand. The actual amount includes the current account as well.
Call Investment Deposits	2,000,000	(1,500,000)	500,000			500,000	13,437,213	2587.44%	Due to unspent conditional grants, additional amounts were invested
Consumer Debtors (N3)	29,941,353	(9,567,186)	20,374,167			20,374,167	21,171,614	3.91%	
Other Debtors (N4)	51,613,516	5,970,571	57,584,087			57,584,087	84,426,429	46.61%	Underbudgeting of other debtors. Collections lower than expected
Current Portion of long-term receivables	1,196,505	633,395	1,829,900			1,829,900	2,404,783	31.42%	Due to hard economic conditions, more consumers made arrangements on outstanding debt
Inventory	3,030,786	358,175	3,388,961			3,388,961	3,423,769	1.03%	
Total Current Assets	92,789,658	(9,040,858)	83,748,800	-	-	83,748,800	127,812,476	52.61%	
Non-Current Assets									
Long-term Receivables (N2)	3,622,907	(1,302,139)	2,320,768			2,320,768	1,111,853	-52.09%	Due to debt impairment
Investment Property	6,391,283	1	6,391,284			6,391,284	6,391,284	0.00%	
Property, Plant and Equipment	541,530,501	(3,996,400)	537,534,101			537,534,101	423,175,455	-21.27%	Overbudgeting of PPE
Intangible Assets	306,902	(107,712)	199,190			199,190	138,296	-30.57%	Overbudgeting of Intangible assets
Other Non-Current Assets (N1)	5,225,000	-	5,225,000			5,225,000	5,225,000	0.00%	
Total Non-Current Assets	557,076,593	(5,406,250)	551,670,343	-	-	551,670,343	436,041,888	-20.96%	
TOTAL ASSETS	649,866,251	(14,447,108)	635,419,143	-	-	635,419,143	563,854,364	-11.26%	
LIABILITIES									
Current Liabilities									
Bank Overdraft	-	38,164,892	38,164,892			38,164,892	-	-100.00%	Less expenditure due to financial recovery plan
Borrowing	671,086	87,219	758,305			758,305	759,166	0.11%	
Consumer Deposits	1,994,008	1,637,822	3,631,830			3,631,830	3,841,783	5.78%	
Trade and Other Payables (N6)	74,699,961	21,888,580	96,588,541			96,588,541	165,122,497	70.95%	Due to non-payment of suppliers due to cash flow constraints
Provisions (N5)	23,657,442	(8,010,422)	15,647,020			15,647,020	14,571,137	-6.88%	Change in estimate based on experts judgement
Total Current Liabilities	101,022,497	53,768,091	154,790,588	-	-	154,790,588	184,294,583	19.06%	
Non-Current Liabilities									
Borrowing	4,522,921	(743,437)	3,779,484			3,779,484	4,522,919	19.67%	Underbudgeting of borrowings
Provisions (N5)	52,999,781	(13,426,126)	39,573,655			39,573,655	46,013,632	16.27%	Due to change in remaining useful lives and increase discount rate
Total Non-Current Liabilities	57,522,702	(14,169,563)	43,353,139	-	-	43,353,139	50,536,550	16.57%	
TOTAL LIABILITIES	158,545,199	39,598,528	198,143,727	-	-	198,143,727	234,831,133	18.52%	
NET ASSETS									
Accumulated Surplus/(Deficit)	487,366,708	(54,195,637)	433,171,071			433,171,071	324,918,886	-24.99%	Net effect of reasons above
Reserves	3,954,344	150,001	4,104,345			4,104,345	4,104,345	0.00%	
TOTAL NET ASSETS	491,321,052	(54,045,636)	437,275,416	-	-	437,275,416	329,023,231	-24.76%	

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



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence
27 January 2023

BEAUFORT WES LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	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	2022 R	%	
REVENUE									
Property Rates	44,680,522	4	44,680,526			44,680,526	45,484,089	1.80%	
Service Charges - Electricity Revenue	96,328,775	1	96,328,776			96,328,776	81,942,667	-14.93%	Overbudgeting of service charges
Service Charges - Water Revenue	30,023,720	(5,704,495)	24,319,225			24,319,225	23,336,234	-4.04%	
Service Charges - Sanitation Revenue	20,074,130	-	20,074,130			20,074,130	17,869,566	-10.98%	Overbudgeting of service charges
Service Charges - Refuse Revenue	10,132,492	(879,642)	9,252,850			9,252,850	7,903,430	-14.58%	Overbudgeting of service charges
Rental of Facilities and Equipment	1,519,262	(12)	1,519,250			1,519,250	1,398,579	-7.94%	
Interest Earned - External Investments	550,000	(200,000)	350,000			350,000	540,859	54.53%	Due to increase in unspent conditional grant balance
Interest Earned - Outstanding Debtors (N1)	6,728,850	468,325	7,197,175			7,197,175	7,872,038	9.38%	
Fines, penalties and forfeits	45,001,500	(8,534,554)	36,466,946			36,466,946	30,583,602	-16.13%	Less fines issued during the year. Service provider contract came to end
Licenses and Permits (N2)	210,000	(5,000)	205,000			205,000	330,306	61.12%	Issued more certificates during year
Agency Services	1,100,000	(200,000)	900,000			900,000	462,007	-48.67%	Overbudgeting of agency fees
Transfers and subsidies	81,054,050	3,567,295	84,621,345			84,621,345	81,602,115	-3.57%	Due to unspent conditional grants
Other Revenue (N3)	1,278,200	(18,978)	1,259,222			1,259,222	3,534,043	180.65%	Due to actuarial gains not budgeted
Gains	-	-	-			-	-	100.00%	
Total Revenue (excluding capital transfers and contributions)	338,681,501	(11,507,056)	327,174,445	-	-	327,174,445	302,859,534	-7.43%	
EXPENDITURE									
Employee Related Costs	125,542,133	1,160,752	126,702,885			126,702,885	124,977,211	-1.36%	Vacancies not filled
Remuneration of Councillors	6,286,167	(100,897)	6,185,270			6,185,270	6,172,695	-0.20%	
Debt Impairment	28,918,827	1	28,918,828			28,918,828	26,231,521	-9.29%	Overbudgeting of debt impairment
Depreciation and Asset Impairment (N4)	23,812,575	-	23,812,575			23,812,575	24,037,384	0.94%	Underbudgeting of depreciation
Finance Charges	834,597	6,305,553	7,140,150			7,140,150	11,383,523	59.43%	Underbudgeting of finance charges. Increase in outstanding creditors mainly Eskom
Bulk Purchases - electricity	75,703,400	996,600	76,700,000			76,700,000	86,429,430	12.69%	High increase in NERSA tariffs
Inventory consumed	20,370,832	1,826,924	22,197,756			22,197,756	4,341,545	-80.44%	Overbudgeting of other materials
Contracted Services	22,881,973	(2,780,841)	20,101,132			20,101,132	14,274,933	-28.98%	Overbudgeting of contracted services
Transfers and subsidies	525,000	-	525,000			525,000	500,000	-4.76%	
Other Expenditure (N6)	33,638,152	1,125,968	34,764,120			34,764,120	28,424,299	-18.24%	Overbudgeting of other expenditure
Losses	-	-	-			-	1,994,118	0.00%	Due to losses not budgets - mainly actuarial loss
Total Expenditure	338,513,656	8,534,060	347,047,716	-	-	347,047,716	328,766,658	-5.27%	
Surplus/(Deficit)	167,845	(20,041,116)	(19,873,271)	-	-	(19,873,271)	(25,907,123)	(0)	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	19,894,950	1,695,000	21,589,950			21,589,950	14,852,792	-31.21%	Due to unspent conditional grants
Transfers and subsidies - capital (in-kind - all)	-	-	-			-	793,995	0.00%	
Surplus/(Deficit) for the year	20,062,795	(18,346,116)	1,716,679	-	-	1,716,679	(10,260,336)	(0)	

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 Contributed Property, Plant and Equipment 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



AUDITOR - GENERAL
SOUTH AFRICA

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27 January 2023

BEAUFORT WES LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	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	2022 R	%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	40,212,496	(4,068,488)	36,144,008			36,144,008	33,555,620	-7.16%	Overbudgeting of taxation. Less revenue collected from rates than expected
Service Charges	145,346,381	(18,255,753)	127,090,628			127,090,628	106,961,594	-15.84%	Overbudgeting of service charges. Less revenue collected from rates than expected
Other Revenue	24,508,962	(9,884,712)	14,624,250			14,624,250	16,849,705	15.22%	Underbudgeting of other revenue
Transfers and Subsidies - Operational	81,054,050	1,140,000	82,194,050			82,194,050	83,151,380	1.16%	
Transfers and Subsidies - Capital	19,894,950	1,460,000	21,354,950			21,354,950	21,117,549	-1.11%	
Interest	7,278,850	(6,156,237)	1,122,613			1,122,613	8,412,897	649.40%	Underbudgeting of interest. Cash portion less than expected due to slow payment of debtors
Payments									
Suppliers and Employees	(279,237,815)	110,046	(279,127,769)			(279,127,769)	(220,771,033)	-20.91%	Overbudgeting of suppliers and employees.
Finance charges	(834,597)	(6,305,553)	(7,140,150)			(7,140,150)	(7,083,538)	-0.79%	Impact of financial recovery plan let to savings
Transfers and Grants	(525,000)	-	(525,000)			(525,000)	(500,000)	-4.76%	
Net Cash from/(used) Operating Activities	37,698,277	(41,960,697)	(4,262,420)	-	-	(4,262,420)	41,694,175	6	
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-			-	-	0.00%	
Decrease (increase) in non-current receivables	-	-	-			-	-	0.00%	
Payments									
Capital Assets	(23,465,061)	(656,285)	(24,121,346)			(24,121,346)	(15,527,233)	-35.63%	Due to unspent conditional grants
Net Cash from/(used) Investing Activities	(23,465,061)	(656,285)	(24,121,346)	-	-	(24,121,346)	(15,527,233)	-35.63%	
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Borrowing long term/refinancing	-	-	-			-	-	0.00%	
Payments									
Repayment of Borrowing	(1,502,534)	(67)	(1,502,601)			(1,502,601)	(1,502,533)	0.00%	
Net Cash from/(used) Financing Activities	(1,502,534)	(67)	(1,502,601)	-	-	(1,502,601)	(1,502,533)	0.00%	
NET INCREASE/(DECREASE) IN CASH HELD	12,730,682	(42,617,049)	(29,886,367)	-	-	(29,886,367)	24,664,408	-182.53%	Net of reasons listed above
Cash and Cash Equivalents at the year begin:	(5,723,184)	(2,555,342)	(8,278,526)			(8,278,526)	(8,278,525)	0.00%	
Cash and Cash Equivalents at the year end:	7,007,498	(45,172,391)	(38,164,893)	-	-	(38,164,893)	16,385,883	-142.93%	

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 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 2022

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. For the financial year, no new standards became effective.

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

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The comparable information includes the following:

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

Explanations is provided in the budget comparison regarding classification differences between the approved budget and the actual figure.

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 25	<p><u>Employee benefits</u></p> <p>The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>OR</p> <p>The municipality might need to revise the recognition and measurement of employee benefits.</p>	Unknown
GRAP 104	<p><u>Financial Instruments</u></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>OR</p>	Unknown

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

REFERENCE	TOPIC	EFFECTIVE DATE
	The Municipality might need to revise the categories of financial instruments and the impairment model.	
IGRAP 7	<p><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></p> <p>This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits.</p> <p>No significant impact is expected as the Municipality does not hold any plan assets.</p> <p>OR</p> <p>The municipality might need to revise the recognition and measurement of employee benefits.</p>	Unknown
IGRAP 21	<p><u>The Effect of Past Decisions on Materiality</u></p> <p>This interpretation explains the implications of adopting accounting policies for material items based on GRAP standards as well as alternative accounting treatments for immaterial items. Therefore it is a guide on materiality.</p> <p>No significant impact expected as the Municipality's current treatment is already in line with the Interpretation.</p> <p>OR</p> <p>The municipality might need to revise its application of materiality.</p>	1 April 2023
Guideline	<p><u>Landfill sites</u></p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>OR</p> <p>The municipality may have to revise their currently policy on the treatment of such transactions.</p>	Unknown
Guideline	<p><u>Application of Materiality of Financial Statements</u></p> <p>The guideline is not authoritative but only encourage.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>OR</p> <p>The municipality may have to revise their currently policy on materiality to include additional factors.</p>	Unknown

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

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 are 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.

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Contingent rents shall be charged as expenses in the periods in which they are incurred.

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 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:

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- 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. 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.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances.

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.

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

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losses. The present obligation under an onerous contract is recognised and measured as a provision.

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.

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1.16. 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 contributes to 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

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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 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 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, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Notional interest

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is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Interest is capitalised against the liability.

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.

(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, 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.

Notional interest is charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Interest is capitalised against the liability.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(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.

(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.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. 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

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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.

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.

1.17.2. 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.

1.17.3. 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

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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
Sewerage	10-105

Community

Cemeteries	104
Recreation sites	8-104
Community Centurms	14-104
Libraries	20-104

Other

Buildings	14-104
Machinery & Equipment	3-44
Furniture and Office equipment	3-34
Computer Equipment	3-39
Transport Assets	5-87

Finance lease assets

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1.17.4. 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.

1.17.5. Land and Buildings and Other Assets – 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 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.

1.17.6. 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

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

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

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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.

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.

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.

1.18.2. 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.

1.18.3. 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 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	2-4

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Changes to the useful life of assets, residual value and amortisation method are reviewed each year to determine if there is an indication that a change may have occurred. 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.

1.18.4. 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.

1.18.5. 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.

1.19. INVESTMENT PROPERTY

1.19.1. 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.

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;
- 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);

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- 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 cost. 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.

For a transfer from investment property to inventory (view sale), the deemed cost for subsequent accounting is the fair value as at date of change.

For a transfer from owner occupied property becomes an investment property measured at fair value, the difference between the carrying value and fair value at the reporting date, shall be treated as a revaluation.

For a transfer from inventory to investment property (operating lease), the municipality shall apply accounting policy for operating leases.

1.19.2. 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.

1.19.3. 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

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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

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

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.

1.19.5. 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. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1. 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

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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.

(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.

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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 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.

1.20.2. 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.

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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.

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

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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. 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.

1.21. INVENTORIES

1.21.1. 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.

1.21.2. Subsequent Measurement

Inventories 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.

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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.

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

1.22. 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.

1.22.1. 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.

1.22.2. 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.

1.22.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured at amortised cost using the effective interest rate method. Receivables comprise of long-term debtors, consumer debtors and other debtors (excluding rates and fines).

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

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will enter bankruptcy or financial reorganisation and default or delinquency in payments. 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 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.

1.22.2.2. *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.

1.22.2.3. *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.

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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.

1.22.3. De-recognition

1.22.3.1. Financial Assets

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.

1.22.3.2. 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

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difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4. 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 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.

1.23. 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.

1.23.1. 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.

1.23.2. 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:

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

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 adjustment shall not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised.

The amount of any adjustment is recognised in the Statement of Financial Performance.

1.23.3. 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.

1.23.4. 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,

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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.

1.24. REVENUE

1.24.1. 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 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

Revenue is initially measured at fair value.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 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.

Interest revenue is recognised using the effective interest rate method.

Licences and permits are charged at the approved tariff.

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

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- 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.

1.24.2. Revenue from Exchange Transactions

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 rendering of services 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

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 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.

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

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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.

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.

1.25. RELATED PARTIES

A related party is a person or an entity:

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

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).

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- 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 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

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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, 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.

1.26. 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.

1.27. 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.

1.28. 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.

1.29. 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

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economic benefits will be required to the obligation or the amount of the obligation cannot be measures 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 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 and assets.

1.30. 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

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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

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;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- 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 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Provisions, Contingent Liabilities and Contingent Assets

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities and assets. 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 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 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.

1.31. 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.

1.32. 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.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the Municipality.



1.33. 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.

1.34. VALUE ADDED TAX (VAT)

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

For possible indicators of impairment reference can be made to the policy on impairment.

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 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.

1.35. 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

1.36. 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);
- 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.

1.37. TREATMENT OF ADMINISTRATIVE AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

1.38. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2.1 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2022

	Cost/Revaluation							Accumulated Impairment				Accumulated Depreciation						Carrying Value
	Opening Balance	Correction of Error	Restated Opening balance	Additions	Change in landfill site	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Restated Opening balance	Depreciation	Disposals	Closing Balance	
Infrastructure																		
Electricity Network	129,422,131	-	129,422,131	6,152,313		424,961	135,149,484	-	261,924	-	261,924	39,212,676	-	39,212,676	2,799,434	371,733	41,640,377	93,247,182
Refuse Network	694,384	-	694,384			-	694,384	-	-	-	-	221,145	-	221,145	23,271		244,416	449,968
Road Network	196,941,306	-	196,941,306				196,941,306	-	-	-	-	111,739,524	-	111,739,524	5,243,832		116,983,356	79,957,950
Sanitation Network	105,341,263	-	105,341,263				105,341,263	-	-	-	-	52,284,901	-	52,284,901	4,252,559		56,537,460	48,803,803
Water Network	115,471,013	-	115,471,013	4,094,990		28,309	119,537,695	-	-	-	-	48,710,033	-	48,710,033	3,667,900	27,206	52,350,727	67,166,967
Landfill Sites	9,734,227	-	9,734,227				9,734,227	-	-	-	-	9,734,227	-	9,734,227			9,734,227	0
	557,604,324	-	557,604,324	10,247,303	-	453,269	567,398,358	-	261,924	-	261,924	261,902,505	-	261,902,505	15,986,997	398,939	277,490,564	289,645,871
Community Assets																		
Cemeteries	2,486,637	-	2,486,637	4,940,423			7,427,060	-	-	-	-	2,384	-	2,384	184,882		187,276	7,239,784
Community centres	72,789,699	-	72,789,699				72,789,699	670,478	-	-	670,478	29,880,184	-	29,880,184	2,696,963	32,577,147	39,542,074	39,542,074
Libraries	1,138,236	-	1,138,236				1,138,236	21,470	-	-	21,470	239,291	-	239,291	29,819		269,110	847,656
Recreation sites	24,032,848	-	24,032,848	421,776			24,454,624	186,621	-	-	186,621	6,480,752	-	6,480,752	1,838,657		8,319,408	15,948,594
	100,447,420	-	100,447,420	5,362,199	-	-	105,809,619	878,570	-	-	878,570	36,602,611	-	36,602,611	4,750,330	-	41,352,941	63,578,108
Land and Buildings																		
	87,068,414	-	87,068,414		-	-	87,068,414	16,648,275	-	-	16,648,275	5,012,198	-	5,012,198	598,275	-	5,610,473	64,809,667
Land	71,291,280	-	71,291,280		-	-	71,291,280	15,146,100	-	-	15,146,100	-	-	-	-	-	-	56,145,180
Buildings	15,777,134	-	15,777,134		-	-	15,777,134	1,502,175	-	-	1,502,175	5,012,198	-	5,012,198	598,275	-	5,610,473	8,664,487
Other Assets																		
Machinery and Equipment	3,773,386	-	3,773,386	1,040		53,386	3,721,029	-	-	-	-	2,849,641	-	2,849,641	300,701	52,934	3,097,408	623,621
Furniture and Office Equipment	3,482,417	-	3,482,417	29,279		44,159	3,487,537	-	-	-	-	2,676,906	-	2,676,906	276,793	43,818	2,999,881	557,655
Computer Equipment	5,076,125	-	5,076,125			392,575	4,683,550	-	-	-	-	3,571,667	-	3,571,667	471,290	390,103	3,652,854	1,030,696
Transport Assets	10,612,805	-	10,612,805		-	954,164	9,658,641	-	-	-	-	7,175,857	-	7,175,857	461,711	812,283	6,825,285	2,833,356
	22,944,733	-	22,944,733	30,319	-	1,444,295	21,530,758	-	-	-	-	16,274,071	-	16,274,071	1,510,496	1,299,139	16,485,428	5,045,329
Leases																		
Leased office equipment	1,702,125	-	1,702,125				1,702,125	-	-	-	-	1,038,296	-	1,038,296	567,375		1,605,671	96,454
Leased office vehicle	1,021,304	-	1,021,304			1,021,304	(0)	-	-	-	-	701,126	-	701,126		992,197	(0)	0
	2,723,429	-	2,723,429		-	1,021,304	1,702,125	-	-	-	-	1,739,422	-	1,739,422	858,446	992,197	1,605,671	96,454
Total	770,788,320	-	770,788,320	15,639,821	-	2,918,868	783,509,274	17,526,845	261,924	-	17,788,769	321,530,807	-	321,530,807	23,704,544	2,690,275	342,545,077	423,175,428

2.2 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2021

	Cost/Revaluation							Accumulated Impairment				Accumulated Depreciation						Carrying
	Opening Balance	Correction of Error (note 43.4)	Restated Opening balance	Additions	Change in landfill site	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error (note 43.4)	Restated Opening balance	Depreciation	Disposals	Closing Balance	Value
Infrastructure																		
Electricity Network	124,917,185	-	124,917,185	4,504,946	-	-	129,422,131	-	-	-	-	21,618,862	14,881,264	36,500,125	2,712,550	-	39,212,676	90,209,455
Refuse Network	6,144,903	(5,450,519)	694,384	-	-	-	694,384	-	-	-	-	2,977,981	(2,780,107)	197,873	23,271	-	221,145	473,240
Road Network	194,730,334	-	194,730,334	2,278,147	-	67,175	196,941,306	-	-	-	-	58,475,181	48,162,713	106,637,895	5,164,399	62,769	111,739,524	85,201,782
Sanitation Network	99,643,311	5,450,519	105,093,829	306,001	-	58,568	105,341,263	-	-	-	-	18,255,783	29,877,429	48,133,212	4,210,256	58,568	52,284,901	53,056,363
Water Network	103,453,594	442,170	103,895,764	11,575,249	-	-	115,471,013	-	-	-	-	27,357,632	18,030,559	45,388,191	3,326,907	5,065	48,710,033	66,760,980
Landfill Sites	22,365,940	-	22,365,940	-	(12,631,713)	-	9,734,227	-	-	-	-	9,734,227	-	9,734,227	-	-	9,734,227	0
	551,255,267	442,170	551,697,437	18,664,343	(12,631,713)	125,743	557,604,324	-	-	-	-	138,419,666	108,171,858	246,591,523	15,437,384	126,402	261,902,505	295,701,819
Community Assets																		
Cemeteries	886,842	-	886,842	1,599,795	-	-	2,486,637	-	-	-	-	2,197	17	2,213	170	-	2,384	2,484,253
Community centres	62,184,754	10,604,944	72,789,699	-	-	-	72,789,699	670,478	-	-	670,478	5,361,200	21,822,021	27,183,221	2,696,963	29,880,184	42,239,037	877,475
Libraries	1,138,236	-	1,138,236	-	-	-	1,138,236	21,470	-	-	21,470	225,915	(16,443)	209,472	29,819	-	239,291	27,475
Recreation sites	23,952,152	-	23,952,152	80,696	-	-	24,032,848	186,621	-	-	186,621	2,473,933	2,168,162	4,642,095	1,838,657	-	6,480,752	17,365,475
	88,161,984	10,604,944	98,766,928	1,680,491	-	-	100,447,420	878,570	-	-	878,570	8,063,245	23,973,757	32,037,002	4,565,609	-	36,602,611	62,966,239
Other Assets																		
Land	56,582,105	30,486,309	87,068,414	-	-	-	87,068,414	16,648,275	-	-	16,648,275	1,684,355	2,729,568	4,413,923	598,275	-	5,012,198	65,407,942
Buildings	43,392,280	27,899,000	71,291,280	-	-	-	71,291,280	15,146,100	-	-	15,146,100	-	-	-	-	-	-	56,145,180
	13,189,825	2,587,309	15,777,134	-	-	-	15,777,134	1,502,175	-	-	1,502,175	1,684,355	2,729,568	4,413,923	598,275	-	5,012,198	9,262,762
Machinery and Equipment	3,773,386	-	3,773,386	-	-	-	3,773,386	-	-	-	-	2,541,424	-	2,541,424	308,217	-	2,849,641	923,744
Furniture and Office Equipment	3,472,259	-	3,472,259	10,158	-	-	3,482,417	-	-	-	-	2,398,861	-	2,398,861	278,045	-	2,676,906	805,511
Computer Equipment	4,529,951	-	4,529,951	546,174	-	-	5,076,125	-	-	-	-	3,089,304	-	3,089,304	482,363	-	3,571,667	1,504,459
Transport Assets	10,612,805	-	10,612,805	-	-	-	10,612,805	-	-	-	-	5,698,246	-	5,698,246	1,477,610	-	7,175,857	3,435,949
	22,388,401	-	22,388,401	556,332	-	-	22,944,733	-	-	-	-	13,727,836	-	13,727,836	2,546,235	-	16,274,071	6,670,652
Leases																		
Leased office equipment	1,702,125	-	1,702,125	-	-	-	1,702,125	-	-	-	-	470,921	-	470,921	567,375	-	1,038,296	663,829
Leased office vehicles	1,569,813	-	1,569,813	-	-	548,509	1,021,304	-	-	-	-	731,275	-	731,275	518,360	548,509	701,126	320,178
	3,271,938	-	3,271,938	-	-	548,509	2,723,429	-	-	-	-	1,202,196	-	1,202,196	1,085,735	548,509	1,739,422	984,007
Total	721,659,696	41,533,423	763,193,119	20,901,166	(12,631,713)	674,252	770,788,320	17,526,845	-	-	17,526,845	163,097,297	134,875,183	297,972,480	24,233,237	674,911	321,530,807	431,730,669

2.3	Property, Plant and Equipment which is in the process of being constructed or developed:	2022 R	2021 R	
	Infrastructure Assets	28,505,114	35,749,916	
	Roads	6,977,452	6,977,452	
	Electricity	21,527,663	16,169,345	
	Water Supply	-	12,603,119	
	Community Assets	1,490,826	3,538,487	
	Total Property, Plant and Equipment under construction	29,995,941	39,288,403	
		2022 R	2021 R	
	The movements for the year can be reconciled as follows:			
	Balance at beginning of year	39,288,403	27,199,289	
	Expenditure during the year	15,609,502	20,038,833	
	Assets unbundled during the year	(24,901,965)	(7,949,719)	
	Balance at end of year	29,995,941	39,288,403	
		2022 R	2021 R	
2.4	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:			
	Infrastructure Assets	-	3,714,094	
	Roads	-	3,714,094	
	Total	-	3,714,094	
		2022 R	2021 R	
2.5	Property, Plant and Equipment where construction or development has been halted:			
	Infrastructure Assets	18,641,851	-	
	Roads and Stormwater	6,977,452	-	
	Electricity	11,664,399	-	
	Community Assets	-	147,487	
	Total	18,641,851	147,487	
	<i>The road project's are currently under investigation. The electricity project has been halted due to funding.</i>			
		2022 R	2021 R	
2.6	Expenditure incurred to repair and maintain Property, Plant and Equipment:			
	Contracted Services	1,425,768	2,957,316	
	Total Repairs and Maintenance	1,425,768	2,957,316	
2.7	Assets pledged as security:			
	Leased Property, Plant and Equipment of R96 453 is secured for leases as set out in Note 2.			
		2022 R	2021 R	
2.8	Third party payments received for losses incurred:			
	Payments received (Excluding VAT)	145,699	93,473	
2.9	Effect of changes in accounting estimates			
		2022 R	2023 R	2024 R
	Effect on Property, plant and equipment	10,085,021	23,479,359	23,468,849
	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 2.9			
		2022 R	2021 R	
2.10	Contractual commitments for acquisition of Property, Plant and Equipment:			
	Approved and contracted for:	9,706,108	17,923,838	
	Infrastructure	9,706,108	17,923,838	
	Total	9,706,108	17,923,838	
		2022 R	2021 R	
	This expenditure will be financed from:			
	Government Grants	9,706,108	17,923,838	
	Total	9,706,108	17,923,838	
3.	INVESTMENT PROPERTY	2022 R	2021 R	
3.1	Net Carrying amount at 1 July	6,605,265	6,819,245	
	Cost/Valuation	11,075,824	11,075,824	
	Accumulated Depreciation	(3,689,859)	(3,475,879)	
	Accumulated Impairment Loss	(780,700)	(780,700)	
	Depreciation for the year	(213,981)	(213,981)	
	Net Carrying amount at 30 June	6,391,284	6,605,265	
	Cost/Valuation	11,075,824	11,075,824	
	Accumulated Depreciation	(3,903,840)	(3,689,859)	
	Accumulated Impairment Loss	(780,700)	(780,700)	



3.2 Revenue from Investment Property	2022 R	2021 R
Revenue derived from the rental of Investment Property		
Various properties	<u>(1,321,117)</u>	<u>(1,014,425)</u>
	2022 R	2021 R
3.3 Operating Expenditure incurred on properties:	-	-
No expenditure were incurred regarding repairs and maintenance of investment property		
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.		
	2022 R	2021 R
Estimate Fair Value of Investment Property at 30 June	<u>13,280,000</u>	<u>13,280,000</u>
Fair value was determined by using the valuation roll of 1 July 2017.		
	2022 R	2021 R
4. INTANGIBLE ASSETS		
Computer System & Software		
4.1 Net Carrying amount at 1 July	257,156	422,832
Cost	1,211,788	1,211,788
Accumulated Amortisation	(954,632)	(788,956)
Additions	-	-
Amortisation	(118,859)	(165,676)
Cost - disposals	(346,269)	-
Amortisation written back on disposal	346,269	-
Net Carrying amount at 30 June	138,296	257,156
Cost	865,519	1,211,788
Accumulated Amortisation	(727,222)	(954,632)
4.2 Material Intangible Assets included in the carrying value:		
<u>Description</u>	<u>Remaining Amortisation Period</u>	<u>Carrying Value 2022</u>
IMQ'S software	3	31,176
SCADA software	2	68,225
Caddie software	2-4	18,301
No intangible asset were asessed 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.		
5. HERITAGE ASSETS	2022 R	2021 R
Net Carrying amount at 1 July	5,225,000	5,225,000
Cost	5,225,000	5,225,000
Net Carrying amount at 30 June	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.		

	2022 R	2021 R
6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Receivables with repay arrangements - At amortised cost (gross)	8,988,896	7,467,942
Less: Provision for Debt Impairment	(6,393,427)	(5,446,386)
Net Non-current receivables from exchange	2,595,469	2,021,556
Less: Current portion transferred to Receivables from Exchange Transactions	(1,745,232)	(1,290,180)
Total Non-Current Receivables from Exchange Transactions	850,237	731,376

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.

	2022 R	2021 R
7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Housing Selling Schemes - At amortised cost	215,733	235,553
Receivables with repay arrangements - At amortised cost	2,195,680	1,695,910
Less: Provision for Debt Impairment	(1,490,246)	(1,253,838)
Net Non-current receivables from exchange	921,167	677,625
Less: Current portion transferred to Receivables from Non-Exchange Transactions	(659,551)	(452,583)
Total Non-Current Receivables from Non-Exchange Transactions	261,616	225,042

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.

	2022 R	2021 R
8. OPERATING LEASE ARRANGEMENTS		
8.1 The Municipality as Lessor		
Operating Lease Asset	56,736	144,083
Disclosed as follows:		
Non-Current Operating Lease Asset	-	-
Current Operating Lease Asset	56,736	144,083
	56,736	144,083
Reconciliation		
Balance at the beginning of the year	144,083	198,910
Movement during the year	(87,347)	(54,827)
Balance at the end of the year	56,736	144,083
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:		
	2022 R	2021 R
Up to 1 Year	343,630	576,724
1 to 5 Years	908,636	1,052,027
More than 5 Years	308,986	509,226
Total Operating Lease Arrangements	1,561,253	2,137,977

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.

	2022 R	2021 R
9. INVENTORY		
Consumables and materials	3,383,884	3,133,650
Water	39,885	93,936
Total Inventory	3,423,769	3,227,586

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

	2022 R	2021 R
9.1 Inventories recognise as an expense during the year:		
Consumables and materials	983,771	431,692
Materials and Supplies	3,357,774	4,580,243
Total	4,341,545	5,011,935

	2022 R	2021 R
9.2 Inventories written down or obsolete stock		
Consumables	-	-
Materials and supplies	-	-

No inventories were pledged as security for liabilities.

	2022 R	2021 R
10. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Service Receivables		
Electricity	10,099,745	9,805,823
Water	33,337,034	20,585,173
Property Rentals	56,006	47,856
Waste Management	21,351,613	16,976,335
Waste Water Management	36,028,155	27,898,408
Total Service Receivables	100,872,553	75,313,595
Less: Provision for Debt Impairment	(81,782,377)	(58,526,774)
Net Service Receivables	19,090,177	16,786,821

Other Arrears	30,116,772	30,643,203
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Total: Receivables from exchange transactions (before provision)	30,116,772	30,643,203
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Less: Provision for Debt Impairment	(28,035,335)	(27,394,359)
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Total: Receivables from exchange transactions (after provision)	2,081,437	3,248,844
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Total Net Receivables from Exchange Transactions	21,171,614	20,035,664
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Balance previously reported		20,044,738
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Correction of error - note 43.2		(9,071)
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Restated balance		20,035,667
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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.

	2022 R	2021 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	4,476,474	5,278,613
31 - 60 Days	568,890	594,308
61 - 90 Days	353,286	364,090
+ 90 Days	4,701,095	3,568,812
Total	10,099,745	9,805,823

	2022 R	2021 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	6,363,558	2,466,290
31 - 60 Days	1,409,241	1,234,029
61 - 90 Days	1,148,998	1,538,594
+ 90 Days	24,415,238	15,346,260
Total	33,337,034	20,585,173

	2022 R	2021 R
<u>(Property Rentals): Ageing</u>		
Current (0 - 30 days)	1,981	1,919
31 - 60 Days	1,340	1,417
61 - 90 Days	1,322	1,334
+ 90 Days	51,362	43,186
Total	56,006	47,856



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence
27 January 2023

BEAUFORT WEST MUNICIPALITY
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 R	2021 R
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	785,821	953,299
31 - 60 Days	531,331	538,145
61 - 90 Days	505,245	498,271
+ 90 Days	19,529,216	14,986,620
Total	21,351,613	16,976,335
	2022 R	2021 R
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	1,665,341	1,640,498
31 - 60 Days	924,920	812,138
61 - 90 Days	860,351	736,718
+ 90 Days	32,577,544	24,709,054
Total	36,028,155	27,898,408
	2022 R	2021 R
<u>(Other): Ageing</u>		
Current (0 - 30 days)	143,683	348,346
31 - 60 Days	239,266	240,940
61 - 90 Days	216,448	206,513
+ 90 Days	29,517,376	29,847,404
Total	30,116,772	30,643,203
	2022 R	2021 R
<u>(Total): Ageing</u>		
Current (0 - 30 days)	13,436,857	10,688,965
31 - 60 Days	3,674,988	3,420,977
61 - 90 Days	3,085,651	3,345,520
+ 90 Days	110,791,830	88,501,335
Total	130,989,326	105,956,797

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2022				
Current (0 - 30 days)	887,791	9,883,327	2,264,878	914,910
31 - 60 Days	49,563	2,810,073	329,550	485,802
61 - 90 Days	32,965	2,558,577	145,023	349,086
+ 90 Days	1,207,911	95,488,979	4,297,054	9,283,837
Sub-total	2,178,230	110,740,956	7,036,504	11,033,635
Less: Provision for Debt Impairment	(1,020,474)	(104,547,248)	(4,249,990)	-
Total debtors by customer classification	1,157,755	6,193,709	2,786,515	11,033,635

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2021				
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	75,079,746	3,570,071	7,711,283
Sub-total	2,297,747	88,894,675	5,661,035	9,103,343
Less: Provision for Debt Impairment	(2,151,013)	(80,127,434)	(3,642,686)	-
Total debtors by customer classification	146,734	8,767,241	2,018,349	9,103,343

Reconciliation of Provision for Debt Impairment

	2022 R	2021 R
Balance at beginning of year	85,921,133	69,628,741
Contribution to provision	30,290,006	21,738,778
Transfer to non-current portion	-6,393,427	(5,446,386)
Balance at end of year	109,817,712	85,921,133
	2022 R	2021 R
The total amount of this provision consist of:		
Services	81,782,377	58,526,774
Other Debtors	28,035,335	27,394,359
Total Provision for Debt Impairment on Receivables from exchange transactions	109,817,712	85,921,133



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	2022 R	2021 R
<u>Ageing of amounts past due but not impaired:</u>		
1 month past due	-	238,127
2+ months past due	10,161,424	7,849,802
	10,161,424	8,087,929

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.

11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 R	2021 R
Taxes - Rates	38,210,018	28,942,443
Fines	260,589,598	237,463,167
Other Receivables	10,471,595	12,262,039
	309,271,210	278,667,649
Less: Provision for Debt Impairment	(235,484,563)	(232,898,137)
Total Receivables from non-exchange transactions	73,786,647	45,769,512
Balance previously reported		45,974,267
Correction of error - note 43.3		(204,755)
Restated balance		45,769,512

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.

	2022 R	2021 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	6,404,691	3,313,731
31 - 60 Days	991,004	1,176,974
61 - 90 Days	845,670	993,162
+ 90 Days	29,968,653	23,458,577
Total	38,210,018	28,942,443
<u>(Other Receivables): Ageing</u>		
Current (0 - 30 days)	4,523	2,859,453
31 - 60 Days	32,186	3,854,521
61 - 90 Days	30,476	3,571,348
+ 90 Days	10,404,410	239,439,883
Total	10,471,595	249,725,206

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2022				
Current (0 - 30 days)	9,738,710	1,689,202	648,129	168,624
31 - 60 Days	6,525,957	661,466	167,757	92,110
61 - 90 Days	5,992,030	579,774	115,880	87,061
+ 90 Days	253,325,201	22,217,020	4,256,567	3,005,722
Sub-total	275,581,899	25,147,461	5,188,332	3,353,518
Less: Provision for Debt Impairment	(210,543,938)	(20,688,509)	(4,252,115)	-
Total debtors by customer classification	65,037,961	4,458,952	936,217	3,353,518

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2021				R
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	18,445,356	3,354,436	2,799,560
Sub-total	249,335,815	21,337,470	4,317,360	3,677,003
Less: Provision for Debt Impairment	(210,535,637)	(19,042,580)	(3,319,921)	-
Total debtors by customer classification	38,800,178	2,294,890	997,439	3,677,003



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	2022 R	2021 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	232,898,138	193,452,308
Contribution to provision	5,247,320	39,445,830
Reversal of provision	(2,660,894)	-
Balance at end of year	<u>235,484,564</u>	<u>232,898,138</u>
	2022 R	2021 R
The total amount of this provision (Trade Receivables from non-exchange transactions) consist of:		
Taxes	35,351,255	30,103,934
Fines	200,133,309	202,794,203
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<u>235,484,564</u>	<u>232,898,137</u>
	2022 R	2021 R
<u>Ageing of amounts past due but not impaired</u>		
1 month past due	92,110	196,584
2+ months past due	3,092,784	3,094,039
	<u>3,184,894</u>	<u>3,290,623</u>
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.		
12. BANK ACCOUNTS	2022 R	2021 R
12.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	2,932,049	52,428
Call Deposits and Investments	13,437,213	6,156,729
Cash On-hand	16,619	15,842
Total Cash and Cash Equivalents - Assets	<u>16,385,881</u>	<u>6,224,999</u>
	2022 R	2021 R
12.2 <u>Liabilities</u>		
Current Accounts	-	(14,503,525)
Total Cash and Cash Equivalents - Liabilities	<u>-</u>	<u>(14,503,525)</u>
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 R13 437 146 are held to fund the Unspent Conditional Grants (2021: R6 156 729).		
An approved bank overdraft of R5 000 0000 exists at Nedbank and the Municipality has a facility of R500 000 for Fleet Cards at Nedbank on 30 June 2022.		
The municipality has the following bank accounts:	2022 R	2021 R
Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):	2,821,384	(14,503,524)
ABSA Bank -Account Number 409 410 8341	110,665	52,428
	<u>2,932,049</u>	<u>(14,451,096)</u>
	2022 R	2021 R
<u>Call Deposits and Investments</u>		
Investec	895,257	40,521
ABSA	-	1,133,272
Standard Bank	7,470,625	4,838,902
Nedbank	5,071,332	144,035
	<u>13,437,214</u>	<u>6,156,730</u>
Details of current accounts are as follow:	2022 R	2021 R
Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):		
Cash book balance at beginning of year	(14,503,524)	(15,366,873)
Cash book balance at end of year	2,821,384	(14,503,524)
Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318	(14,503,524)	(14,790,845)
Bank accounts balance at beginning of year	<u>(14,503,524)</u>	<u>(14,790,845)</u>
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318	2,643,186	(14,503,524)



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Bank statement balance ABSA-Account Number 409 410 8341

Cash book balance at beginning of year	
Cash book balance at end of year	
Bank statement balance at beginning of year ABSA-Account Number 409 410 8341	
Bank statement balance at end of year ABSA-Account Number 409 410 8341	

Details of call investment accounts are as follow:

Investec

Cash book balance at beginning of year	
Cash book balance at end of year	
Bank statement balance at beginning of year	
Bank statement balance at end of year	

Abisa

Cash book balance at beginning of year	
Cash book balance at end of year	
Bank statement balance at beginning of year	
Bank statement balance at end of year	

Standard bank

Cash book balance at beginning of year	
Cash book balance at end of year	
Bank statement balance at beginning of year	
Bank statement balance at end of year	

Nedbank

Cash book balance at beginning of year	
Cash book balance at end of year	
Bank statement balance at beginning of year	
Bank statement balance at end of year	

13. LONG-TERM BORROWINGS

Annuity Loans - At amortised cost	
Capitalised Lease Liability - At amortised cost	

Less:	Current Portion transferred to Current Liabilities
	Annuity Loans - At amortised cost
	Capitalised Lease Liability - At amortised cost

Total Long-term Borrowings

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.

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.

13.1 The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year	
Payable within two to five years	
Payable after five years	

TOTAL

Less:	Future finance obligations
--------------	----------------------------

Present value of annuity loans obligations

13.2 The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year	
Payable within two to five years	
Payable after five years	

Less:	Future finance obligations
--------------	----------------------------

Present value of finance lease obligations

2022 R	2021 R
52,428	60,427
110,665	52,428
73,694	60,427
77,340	73,694
2022 R	2021 R
40,521	39,221
895,257	40,521
40,521	39,221
895,257	40,521
2022 R	2021 R
1,133,272	502,807
-	1,133,272
1,133,272	502,807
-	1,133,272
2022 R	2021 R
4,838,902	62,594
7,470,625	4,838,902
4,838,902	62,594
7,470,625	4,838,902
2022 R	2021 R
144,035	2,138,836
5,071,332	144,035
144,035	2,138,836
5,071,332	144,035
2022 R	2021 R
5,194,007	5,807,243
88,080	977,377
5,282,088	6,784,620
(759,166)	(1,502,533)
(671,086)	(613,237)
(88,080)	(889,297)
4,522,921	5,282,087
4,522,921	5,282,087
2022 R	2021 R
	Minimum annuity payments
1,194,871	1,194,871
4,040,057	4,335,847
2,247,702	3,146,781
7,482,629	8,677,499
(2,288,621)	(2,870,255)
5,194,007	5,807,243
2022 R	2021 R
	Minimum lease payments
89,850	947,783
-	89,850
-	-
89,850	1,037,633
(1,770)	(60,256)
88,080	977,377

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Registration	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
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 MFI	C728R810435	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R810157	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R910385	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R810438	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R810598	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R810427	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R810097	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R810684	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R910379	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	C728R810710	10.50%	0%	3 Years	31/07/2022
Ricoh	Machine Photocopy Ricoh MPC3504 EXSP Colour MFI	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

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

14. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

Total Non-current Provisions

2022
R

2021
R

14,659,321

14,216,167

14,659,321

14,216,167

14.1 Landfill Sites

Balance 1 July

Increase due to re-measurement

Unwinding of discounted interest

Expenditure for the year

Total provision 30 June

14,216,167

(941,206)

1,384,360

-

14,659,321

26,165,475

(13,140,287)

1,190,979

-

14,216,167

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)	2,945,967	497,369	851,421	356,993
Site Clearance and Preparation (R2.95/m²)	65,324	8,055	17,441	6,428
Storm Water Control Measures (Rand)	2,117,193	998,167	1,210,208	631,271
Capping (Rand)	15,777,874	1,780,562	3,747,479	1,395,143
Leachate Management (Rand)	637,369	342,887	391,132	210,057
Fencing (Rand)	12,267	12,267	12,267	12,267
Discount Rate used			2022 %	2021 %
Beaufort West			11.60%	10.491%
Merweville			11.39%	10.389%
Murraysburg			9.23%	7.727%
Nelspoort			11.62%	10.503%



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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 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 659 321 (2021: 14 216 167) 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 2021 to June 2022.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m ²)	48,749	6,011	13,016	4,797
Environmental Authorisation (Closure Licence) (Rand)	410,800	410,800	410,800	410,800
Technical ROD (Rand)	208,260	208,260	208,260	208,260
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	224,112	198,221	221,763	170,916
Landscape Architects (Rand)	137,052	136,378	137,948	137,963
Water use licence (Rand)	35,000	35,000	35,000	35,000
Topographical Survey (Rand)	17,132	7,155	7,155	7,155
Contingencies (Rand)	2,155,599	363,931	622,995	261,216
Engineering: Professional Fees (Rand)	2,298,331	489,908	831,873	354,325
Site Supervision (Engineer's Representative) (Rand)	499,039	154,575	225,341	121,656
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	27,901	30,255	65,288	53,672

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	2022 R	2021 R
Beaufort West	2048	102,491,255	93,091,716
Murraysburg	2028	12,180,535	10,690,381
Nelspoort	2045	18,127,422	16,491,858
Merweville	2083	95,217,017	81,245,398
		228,016,229	201,519,354

15. NON-CURRENT EMPLOYEE BENEFITS

Post Retirement Benefits	26,388,000	21,994,000
Long Service Awards	4,939,000	5,419,000
Pension Murraysburg	27,311	27,311
Total Non-current Employee Benefits	31,354,311	27,440,311

Post Retirement Health Care Benefits

Balance 1 July	23,232,000	25,068,000
Contribution for the year	3,463,000	3,431,000
Expenditure for the year	(1,235,874)	(1,183,953)
Actuarial Loss/(Gain)	2,227,874	(4,083,047)
Total provision 30 June	27,677,000	23,232,000

Less: Transfer of Current Portion to Current Provisions - Note 18

Balance 30 June	26,388,000	21,994,000
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Pension Murraysburg

Balance 1 July	27,311	27,311
Expenditure for the year	-	-
Total provision 30 June	27,311	27,311

Less: Transfer of Current Portion to Current Provisions - Note 18

Balance 30 June	27,311	27,311
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Long Service Awards

Balance 1 July	5,922,000	5,728,000
Contribution for the year	875,000	819,000
Expenditure for the year	(402,726)	(618,807)
Actuarial Loss/(Gain)	(724,274)	(6,183)
Total provision 30 June	5,670,000	5,922,000

Less: Transfer of Current Portion to Current Provisions - Note 18

Balance 30 June	4,939,000	5,419,000
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TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	29,181,311	30,823,311
Contribution for the year	4,328,000	4,250,000
Expenditure for the year	(1,638,600)	(1,802,760)
Actuarial Loss/(Gain)	1,503,600	(4,089,240)
Total employee benefits 30 June	33,374,311	29,181,311

Less: Transfer of Current Portion to Current Provisions - Note 18

Balance 30 June	31,354,311	27,440,311
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	2022 R	2021 R
15.1 Provision for Post Retirement Health Care Benefits		
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	59	64
In-service (employee) non-members	331	341
Continuation members (e.g. Retirees, widows, orphans)	31	31
Total Members	421	436
	2022 R	2021 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	8,782,000	7,833,000
In-service non-members	4,025,000	5,046,000
Continuation members (e.g. Retirees, widows, orphans)	14,870,000	10,353,000
Total Liability	27,677,000	23,232,000
	2020 R	2019 R
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
In-service members	6,533,000	6,819,796
In-service non-members	4,534,000	4,959,847
Continuation members	14,001,000	15,391,170
Total Liability	25,068,000	27,170,813
	2020 R	2019 R
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas		
LA Health		
SAMWU Medical Aid		
The Current-service Cost for the ensuing year is estimated to be R1 048 000 whereas the Interest Cost for the next year is estimated to be R3 184 000.		
Key actuarial assumptions used:	2022 %	2021 %
i) Rate of interest		
Discount rate	11.77%	11.93%
CPI	6.90%	7.56%
Health Care Cost Inflation Rate	8.40%	8.56%
Net Effective Discount Rate	3.11%	3.10%
ii) Mortality during employment		
SA85-90 table, adjusted for female lives.		
iii) Mortality rates post employment		
The PA 90-1 with 1% mortality improvement from p.a from 2010		
iv) Normal retirement age		
The normal retirement age is 65 for males and 60 for females.		
v) Average retirement age		
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) Continuation of membership		
It has been assumed that 75% of in-service members will continue after retirement. It has been assumed that 10% of eligible in service non-members will be on medical scheme by retirement (should not exit before then) and continue with subsidy at 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.		
ix) Withdrawal from Service		
Valuation: 30 June 2022		
Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%



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	2022 R	2021 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	27,677,000	23,232,000
Net liability/(asset)	27,677,000	23,232,000
	2022 R	2021 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	23,232,000	25,068,000
Total expenses	2,217,126	2,247,047
Current service cost	982,000	922,000
Interest Cost	2,471,000	2,509,000
Benefits Paid	(1,235,874)	(1,183,953)
Actuarial (gains)/losses	2,227,874	(4,083,047)
Present value of fund obligation at the end of the year	27,677,000	23,232,000
Less: Transfer of Current Portion - Note 18	(1,289,000)	(1,238,000)
Balance 30 June	26,388,000	21,994,000

Sensitivity Analysis on the Accrued Liability on 30 June 2022

	Total liability (Rm)
Assumption	
Central Assumptions	27,677,000

The effect of movements in the assumptions are as follows:

	Change	Total liability (Rm)
Assumption		
Health care inflation	1%	31,951,000
Health care inflation	-1%	24,450,000
Discount rate	1%	24,565,000
Discount rate	-1%	31,499,000
Post-retirement mortality	1 year	26,831,000
Post-retirement mortality	(1 year)	28,521,000
Average retirement age	-1 year	28,892,000
Continuation of membership at retirement	-10%	26,023,000

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption				
Central Assumptions		1,048,000	3,184,000	4,232,000
Health care inflation	1%	1,269,000	3,644,000	4,913,000
Health care inflation	-1%	870,000	2,804,000	3,674,000
Discount rate	1%	884,000	3,057,000	3,941,000
Discount rate	-1%	1,254,000	3,325,000	4,579,000
Post-retirement mortality	1 year	1,020,000	3,084,000	4,104,000
Post-retirement mortality	(1 year)	1,074,000	3,283,000	4,357,000
Average retirement age	(1 year)	1,044,000	3,327,000	4,371,000
Continuation of membership at retirement	-10%	911,000	2,989,000	3,900,000

	2022	2021
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	4,259,000	-5,883,000
Assets: Gain / (loss)	-	-

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

	2020	2019	2018
Liabilities: (Gain) / loss	669,000	353,000	(698,000)
Assets: Gain / (loss)	-	-	-



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15.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end the following number of employees were eligible for Long Service Bonuses.

2022 R	2021 R
392	404

The Current-service Cost for the ensuing year is estimated to be R482 000 whereas the Interest Cost for the next year is estimated to be R586 000.

Key actuarial assumptions used:

2022 %	2021 %
-----------	-----------

i) Rate of interest

Discount rate	11.03%	8.84%
General Salary Inflation	7.33%	6.76%
CPI	6.33%	5.76%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.45%	1.95%

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) Withdrawal rates

Valuation: 30 June 2022

Age	Females	Males
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55+	0%	0%

v) Normal retirement age

The normal retirement age is 65 for males and 60 for females

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

	2022 R	2021 R
Present value of fund obligations	5,670,000	5,922,000
Fair value of plan assets	-	-
	5,670,000	5,922,000
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
	5,670,000	5,922,000
Net liability/(asset)	2022 R	2021 R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	5,922,000	5,728,000
Total expenses	472,274	200,193
Current service cost	472,000	449,000
Interest Cost	403,000	370,000
Benefits Paid	(402,726)	(618,807)
Actuarial (gains)/losses	(724,274)	(6,193)
Present value of fund obligation at the end of the year	5,670,000	5,922,000
Less: Transfer of Current Portion - Note 18	(731,000)	(503,000)
Balance 30 June	4,939,000	5,419,000

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

	2020 R	2019 R	2018 R
Present value of fund obligations	5,731,000	5,207,000	4,424,000

Sensitivity Analysis on the Accrued Liability on 30 June 2022

	Change	Liability
Assumption		
Central assumptions		5,670,000
General earnings inflation	1%	6,004,000
General earnings inflation	-1%	5,366,000
Discount rate	1%	5,358,000
Discount rate	-1%	6,018,000
Average retirement age	(2 year)	4,948,000
Average retirement age	2 year	6,692,000
Withdrawal rates	x2	4,629,000
Withdrawal rates	x0.5	6,383,000



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Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2023

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)		
Central Assumptions		482,000	586,000	1,068,000		
General earnings inflation	-1%	448,000	553,000	1,001,000		
General earnings inflation	1%	520,000	623,000	1,143,000		
Discount rate	-1%	516,000	568,000	1,084,000		
Discount rate	1%	451,000	602,000	1,053,000		
Average retirement age	(2 year)	426,000	507,000	933,000		
Average retirement age	2 year	553,000	699,000	1,252,000		
Withdrawal Rate	x2	356,000	471,000	827,000		
Withdrawal Rate	x0.5	574,000	665,000	1,239,000		
				2022	2021	
				Rm	Rm	
Experience adjustments were calculated as follows:						
Liabilities: (Gain) / loss				-129,274	-545,000	
Assets: Gain / (loss)				-	-	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:						
			2020	2019	2018	
			Rm	Rm	Rm	
Liabilities: (Gain) / loss						
Assets: Gain / (loss)			875,445	267,841	263,943	

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 2021 revealed that the fund has a funding level of 133% (30 June 2020 - 132.2%).

Contributions paid recognised in the Statement of Financial Performance

2022
R

2021
R

12,156,354
12,229,789

CAPE JOINT PENSION FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in a sound financial position with a funding level of 104,9% (30 June 2020 - 100%).

Contributions paid recognised in the Statement of Financial Performance

89,586
44,232

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

909,390
1,054,894

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

569,893
600,151

16. CONSUMER DEPOSITS

	2022 R	2021 R
Electricity	1,882,695	1,599,100
Rental Properties	128,145	114,826
Water	316,035	277,527
Posters	1,429,516	1,439,885
Refuse	85,393	27,549
Total Consumer Deposits	3,841,783	3,458,886

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 53

17. PROVISIONS

Current Portion of Rehabilitation of Landfill Sites - Note 14
Total Provisions

	2022 R	2021 R
	-	-
Total Provisions	-	-

The movement in current provisions are reconciled as follows:

17.1 Rehabilitation of Landfill Sites

Balance at beginning of year
Transfer to non-current
Balance at end of year

	2022 R	2021 R
	-	7,009,947
	-	(7,009,947)
Balance at end of year	-	-

18. CURRENT EMPLOYEE BENEFITS

Performance Bonuses
Staff Bonuses
Staff Leave
Current Portion of Non-Current Provisions
Current Portion of Post Retirement Benefits - Note 15
Current Portion of Long-Service Provisions - Note 15
Total Provisions

	2022 R	2021 R
	200,368	394,028
	3,494,268	3,465,368
	8,856,501	9,301,529
	2,020,000	1,741,000
	1,289,000	1,238,000
	731,000	503,000
Total Provisions	14,571,137	14,901,925

The movement in current provisions are reconciled as follows:

18.1 Performance Bonuses

Balance at beginning of year
Contribution to current portion
Expenditure incurred
Balance at end of year

	2022	2021
	394,028	773,987
	-	122,447
	(193,660)	(502,406)
Balance at end of year	200,368	394,028

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

Balance at beginning of year
Contribution to current portion
Expenditure incurred
Balance at end of year

	2022 R	2021 R
	3,465,368	3,270,317
	6,259,377	6,233,756
	(6,230,478)	(6,038,705)
Balance at end of year	3,494,268	3,465,368

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

Balance at beginning of year
Contribution to current portion
Expenditure incurred
Balance at end of year

	2022 R	2021 R
	9,301,529	8,043,748
	815,054	1,500,624
	(1,260,082)	(242,842)
Balance at end of year	8,856,501	9,301,529

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.

	2022 R	2021 R
19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Receivable accounts with credit balances	5,250,015	4,074,968
Retentions	259,806	2,053,822
Sundry creditors	625,327	4,312,681
Sundry deposits	-	1,833,464
Trade Payables	148,155,984	93,091,896
Total Trade Payables	154,291,132	105,366,831

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.

	2022 R	2021 R
20. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	10,831,364	5,789,813
National Government Grants	6,654,693	345,762
Provincial Government Grants	2,486,064	5,044,051
District Municipality	290,607	400,000
Other Grant Providers	1,400,000	-
Total Unspent Transfers and Subsidies	10,831,364	5,789,813
Amount available in short term investment deposits	13,437,213	6,156,729
Available Cash for Unspent Conditional Grants and Receipts	13,437,213	6,156,729

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.

	2022 R	2021 R
21. TAXES		
21.1 Net VAT (Payable)/Receivable	10,583,046	9,826,506

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

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		2022 R	2021 R
22. NET ASSET RESERVES			
RESERVES		4,104,345	4,104,345
Housing Development Fund	22.1	3,789,518	3,789,518
Self Insurance Reserve	22.2	314,827	314,827
Total Net Asset Reserve and Liabilities		4,104,345	4,104,345

22.1 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.

22.2 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 (2021) and is invested together with the other investments of the municipality (See Note 46)

		2022 R	2021 R
23. PROPERTY RATES			
<u>Valuations - 1 July 2021</u>			
Rateable Land and Buildings		5,135,779,628	5,048,439,510
Business and Commercial Property		379,294,500	398,435,010
Municipal Properties		202,654,000	168,373,000
National Monument Properties		5,870,000	5,870,000
Public Service Infrastructure Properties		181,543,000	735,000
Residential Properties		1,293,803,628	1,245,282,000
State-owned Properties		7,360,000	164,344,000
Agricultural Property		2,896,898,500	2,889,021,500
Other Categories		168,356,000	176,379,000
Total Property Rates		5,135,779,628	5,048,439,510

Actual

Rateable Land and Buildings

Business and Commercial Property
Municipal Properties
National Monument Properties
Residential Properties
State-owned Properties
Agricultural Property

Less:

Revenue Forgone

Total Assessment Rates

Balance previously reported
Correction of error - note 43.5

Restated balance

	2022 R	2021 R
	63,710,437	49,548,457
	10,538,049	10,428,598
	153,214	148,412
	46,976,337	21,579,218
	1,669,878	5,086,214
	4,372,969	12,306,016
	(18,226,348)	(7,571,927)
	45,484,089	41,976,530
		42,006,938
		(30,407)
		41,976,531

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
Commercial
Agricultural
PSI
State-owned
National Monuments

0.020066c/R
0.028092c/R
0.005017c/R
0.028092c/R
0.028092c/R
0.028092c/R

0.019110c/R
0.026775c/R
0.003780c/R
0.001890c/R
0.026775c/R
0.026775c/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.

24. GOVERNMENT GRANTS AND SUBSIDIES

	2022 R	2021 R
Government Grants and Subsidies - Operating	81,602,116	89,882,461
Equitable Share	69,624,762	77,480,092
Expanded Public Works Programme Integrated Grant	1,285,000	1,767,267
Local Government Financial Management Grant	1,914,000	1,700,000
Provincial Treasury : Financial Management Support Grant	300,000	800,000
Department of Local Government Support Grant	-	102,903
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	150,000	120,730
Municipal Infrastructure Grant (PMU)	550,623	546,388
Central Karoo District Municipality	109,393	-
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	6,289,078	5,857,310
Department of Local Government : Municipal Drought Relief Grant	789,243	1,153,947
Community Development Workers (CDW) operational support grant	276,300	116,212
Human Settlements - Municipal Accreditation and Capacity Building Grant	249,450	237,612
Department of Local Government : Local Government Public Employment Support Grant	64,266	-
Government Grants and Subsidies - Capital	14,852,791	22,446,226
Integrated National Electrification Programme Grant	485,617	5,180,687
Central Karoo District Municipality	1,395,929	-
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	41,179	-
Municipal Infrastructure Grant	12,930,067	12,966,896
Department of Local Government : Municipal Drought Relief Grant	-	4,298,643
Total Government Grants and Subsidies	96,454,907	112,328,687
	2022 R	2021 R
Included in above are the following grants and subsidies received:		
Unconditional	69,279,000	73,778,000
Equitable Share	69,279,000	73,778,000
Conditional	34,989,929	31,222,000
Expanded Public Works Programme Integrated Grant	1,285,000	1,859,000
Local Government Financial Management Grant	1,914,000	1,700,000
Provincial Treasury : Financial Management Support Grant	100,000	1,000,000
Provincial Treasury : Financial Management Capacity Building Grant	250,000	300,000
Department of Local Government : Local Government Public Employment Support Grant	1,100,000	-
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	150,000	150,000
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	6,548,000	6,207,000
Community Development Workers (CDW) operational support grant	226,000	206,000
Integrated National Electrification Programme Grant	6,100,000	5,214,000
Municipal Infrastructure Grant	14,521,000	13,734,000
Department of Local Government : Municipal Drought Relief Grant	-	600,000
Human Settlements - Municipal Accreditation and Capacity Building Grant	-	252,000
Services CETA	1,400,000	-
Central Karoo District Municipality	1,395,929	-
Total Government Grants and Subsidies	104,268,929	105,000,000
	14,852,791	22,446,226
Government Grants and Subsidies - Capital	81,602,116	89,882,461
Government Grants and Subsidies - Operating	96,454,907	112,328,687



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	2022	2021
	R	R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	69,624,763	77,480,092
Executive and Council	2,635,130	5,871,705
Community and social services	11,421,941	7,898,501
Finance and administration	2,214,000	2,500,000
Planning and development	550,623	546,388
Road transport	1,285,000	4,322,214
Housing	249,450	237,612
Energy sources	5,881,101	5,180,687
Water management	2,592,899	8,491,488
Total Government Grants and Subsidies	96,454,908	112,328,687
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.		
	2022	2021
	R	R
24.1 National Grants		
Opening balance	345,762	3,702,092
Grants received	93,099,000	96,285,000
Transfer to/from Equitable share, Municipal Infrastructure Grant, INEP, EPWP	(0)	-
Repaid to National Revenue Fund	-	-
Conditions met - Own Income	(1,734,356)	(2,510,704)
Conditions met - Operating	(73,374,386)	(81,339,593)
Conditions met - Capital	(11,681,328)	(15,791,033)
Conditions still to be met	6,654,693	345,762
	2022	2021
	R	R
24.2 Provincial Grants		
Opening balance	5,044,052	9,016,409
Grants received	8,374,000	8,715,000
Repaid to National Revenue Fund	(2,772,470)	-
Conditions met - Own Income	-	(676,757)
Conditions met - Operating	(8,118,337)	(8,272,650)
Conditions met - Capital	(41,179)	(3,737,950)
Conditions still to be met	2,486,065	5,044,052
	2022	2021
	R	R
24.3 District Grants		
Opening balance	400,000	-
Grants received	1,395,929	400,000
Conditions met - Own Income	(182,078)	-
Conditions met - Operating	(109,393)	-
Conditions met - Capital	(1,213,851)	-
Conditions still to be met	290,607	400,000
	2022	2021
	R	R
24.4 Other Grant Providers		
Grants received	1,400,000	-
Conditions still to be met	1,400,000	-
	2022	2021
	R	R
24.4 Equitable Share		
Opening balance	(0)	-
Grants received	69,279,000	73,778,000
Transfer from Municipal Infrastructure Grant, INEP, EPWP	345,762	3,702,092
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(69,624,762)	(77,480,092)
Conditions still to be met	-	(0)
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.		
	2022	2021
	R	R
24.5 Local Government Financial Management Grant		
Grants received	1,914,000	1,700,000
Conditions met - Own Income	-	(154,154)
Conditions met - Operating	(1,914,000)	(1,545,846)
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).		



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	2022 R	2021 R
24.6 <u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	220,717	3,301,135
Grants received	14,521,000	13,734,000
Transfer to equitable share	(220,716)	(3,301,135)
Repaid to National Revenue Fund	0	
Conditions met - Own Income	(1,671,014)	(1,680,809)
Conditions met - Operating	(550,623)	(546,388)
Conditions met - Capital	(11,259,053)	(11,286,087)
Conditions still to be met	<u>1,040,310</u>	<u>220,717</u>
<i>The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.</i>		
24.7 <u>Integrated National Electrification Grant</u>		
Opening balance	33,313	45,642
Grants received	6,100,000	5,214,000
Transfer to equitable share	(33,313)	(45,641)
Conditions met - Own Income	(63,341)	(675,742)
Conditions met - Capital	(422,275)	(4,504,946)
Conditions still to be met	<u>5,614,384</u>	<u>33,313</u>
<i>The National Electrification Grant was used for electrical connections in previously disadvantaged areas.</i>		
24.8 <u>Expanded Public Works Programme Integrated Grant</u>		
Opening balance	91,733	355,315
Grants received	1,285,000	1,859,000
Transfer to equitable share	(91,733)	(355,316)
Conditions met - Operating	(1,285,000)	(1,767,267)
Conditions still to be met	<u>(0)</u>	<u>91,733</u>
<i>To provide funding for job creation in specific focus areas.</i>		
24.9 <u>Human settlements development grant (Beneficiaries) - Housing</u>		
Opening balance	710	710
Repaid to National Revenue Fund	(710)	
Conditions still to be met	<u>-</u>	<u>710</u>
<i>The Housing grant was utilised for the development of erven and the erection of top structures.</i>		
24.10 <u>Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)</u>		
Opening balance	203,871	203,871
Repaid to National Revenue Fund	(203,871)	
Conditions still to be met	<u>0</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>		
24.11 <u>Human Settlements Development Grant - Title Deeds Restoration</u>		
Opening balance	705,775	705,775
Repaid to National Revenue Fund	(705,775)	
Conditions still to be met	<u>(0)</u>	<u>705,775</u>
<i>To assist with the registration backlog in terms of housing provided.</i>		
24.12 <u>Human Settlements - Municipal Accreditation and Capacity Building Grant</u>		
Opening balance	158,277	143,889
Grants received	-	252,000
Conditions met - Operating	(249,450)	(237,612)
Conditions still to be met	<u>(91,173)</u>	<u>158,277</u>
<i>The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months.</i>		
24.13 <u>Provincial Treasury : Financial Management Capacity Building Grant</u>		
Opening balance	1,280,000	980,000
Grants received	250,000	300,000
Repaid to National Revenue Fund	(1,280,000)	
Conditions still to be met	<u>250,000</u>	<u>1,280,000</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>		



24.14 Provincial Treasury : Financial Management Support Grant	2022 R	2021 R
Opening balance	200,000	0
Grants received	100,000	1,000,000
Conditions met - own income	-	(104,348)
Conditions met - Operating	(300,000)	(695,652)
Conditions still to be met	<u>0</u>	<u>200,000</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>		
24.15 Department of Cultural Affairs and Sport : Library Service: Replacement Funding	2022 R	2021 R
Opening balance	880,658	530,968
Grants received	6,548,000	6,207,000
Conditions met - Operating	(6,289,078)	(5,857,310)
Conditions met - Capital	(41,179)	-
Conditions still to be met	<u>1,098,401</u>	<u>880,658</u>
<i>To support municipal investment in library services and sustain the future professional delivery and development of library services.</i>		
24.16 Department of Local Government : Fire Service Capacity Building Grant	2022 R	2021 R
Opening balance	154,074	154,074
Repaid to National Revenue Fund	(154,074)	-
Conditions still to be met	<u>(0)</u>	<u>154,074</u>
<i>To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.</i>		
24.17 Department of Local Government : Community Development Workers (CDW) Operational Support Grant	2022 R	2021 R
Opening balance	215,284	125,496
Grants received	226,000	206,000
Conditions met - Operating	(276,300)	(116,212)
Conditions still to be met	<u>164,984</u>	<u>215,284</u>
<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>		
24.18 Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	2022 R	2021 R
Opening balance	102,787	73,517
Grants received	150,000	150,000
Repaid to National Revenue Fund	(102,787)	-
Conditions met - own income	-	(11,717)
Conditions met - Operating	(150,000)	(109,013)
Conditions still to be met	<u>0</u>	<u>102,787</u>
<i>To provide financial assistance to the municipality, ensuring the financial sustainability to the Thusong Service Centre.</i>		
24.19 Department of Local Government : Municipal Drought Relief Grant	2022 R	2021 R
Opening balance	1,125,517	5,978,107
Grants received	-	600,000
Repaid to National Revenue Fund	(308,156)	-
Conditions met - own income	-	(560,693)
Conditions met - Operating	(789,243)	(1,153,947)
Conditions met - Capital	-	(3,737,950)
Conditions still to be met	<u>28,118</u>	<u>1,125,517</u>
<i>Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.</i>		
24.20 Fire and Drought Relief	2022 R	2021 R
Opening balance	17,097	17,097
Repaid to National Revenue Fund	(17,097)	-
Conditions still to be met	<u>-</u>	<u>17,097</u>
<i>To assist with the impact of climate change in the province.</i>		

	2022 R	2021 R
24.21 Local Government Support Grant		
Opening balance	-	102,903
Conditions met - Operating	-	(102,903)
Conditions still to be met	-	-
<i>To provide financial assistance to district municipalities to perform the administrative and monitoring role, including data management relating to humanitarian relief</i>		
24.22 Central Karoo District Municipality	2022 R	2021 R
Opening balance	400,000	400,000
Grants received	1,395,929	
Conditions met - own income	(182,078)	-
Conditions met - Operating	(109,393)	-
Conditions met - Capital	(1,213,851)	-
Conditions still to be met	290,607	400,000
<i>To provide safety response measures with regards to COVID 19 pandemic</i>		
24.23 Department of Local Government : Local Government Public Employment Support Grant	2022 R	2021 R
Grants received	1,100,000	-
Conditions met - Operating	(64,266)	-
Conditions still to be met	1,035,734	-
<i>Partnership between local, district and metro municipalities to expand or initiate public employment initiatives in social, infrastructure and environmental sectors. To provide financial assistance to mitigate economic challenges arising from COVID 19 pandemic</i>		
24.24 Other Grant Providers: SETA	2022 R	2021 R
Grants received	1,400,000	-
Conditions still to be met	1,400,000	-
24.25 Total Grants	2022 R	2021 R
Opening balance	5,789,812	13,118,500
Grants received	104,268,929	105,000,000
Transfer to/from equitable share	-	
Repaid to National Revenue Fund	(2,772,470)	-
Conditions met - own income	(1,916,433)	(3,187,463)
Conditions met - Operating	(81,602,116)	(89,612,242)
Conditions met - Capital	(12,936,358)	(19,528,983)
Conditions still to be met	10,831,364	5,789,812
<i>Disclosed as follows:</i>		
Unsoent Conditional Government Grants and Receipts	10,831,364	13,118,499
Total	10,831,364	13,118,499
25. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT	2022 R	2021 R
Mini-substation Bird Street	793,995	-
Total Contributed Property, Plant and Equipment	793,995	-
26. LICENCES AND PERMITS	2022 R	2021 R
Road and Transport	330,306	133,869
Total Licences and Permits	330,306	133,869
<i>Disclosed as follows:</i>		
Revenue from Non-Exchange Transactions	120,452	64,859
Revenue from Exchange Transactions	209,854	69,010
Total Licences and Permits	330,306	133,869



	2022 R	2021 R
27. SERVICE CHARGES		
Electricity	81,942,667	70,636,574
Service Charges	82,162,121	78,050,725
<u>Less:</u> Revenue Forgone	(219,454)	(7,414,151)
Water	23,336,234	23,737,500
Service Charges	28,842,341	37,355,859
<u>Less:</u> Revenue Forgone	(5,506,108)	(13,618,358)
Waste Management	7,903,430	9,194,855
Service Charges	11,589,561	11,492,418
<u>Less:</u> Revenue Forgone	(3,686,132)	(2,297,562)
Waste Water Management	17,869,566	17,564,906
Service Charges	23,845,704	23,699,485
<u>Less:</u> Revenue Forgone	(5,976,138)	(6,134,579)
Total Service Charges	131,051,897	121,133,836
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		121,140,296
Correction of error - note 43.5		(6,460)
Restated balance		121,133,836
	2022 R	2021 R
28. SALES OF GOODS AND RENDERING OF SERVICES		
Application Fees for Land Usage	-	-
Building Plan Approval	83,757	90,612
Cemetery and Burial	422,893	207,347
Cleaning and Removal	-	52,140
Clearance Certificates	66,154	29,205
Drainage Fees	320	640
Encroachment Fees	916	916
Entrance Fees	1,218	
Membership Fees	11,668	10,252
Photocopies and Faxes	17,500	48,800
Sale of Goods	41,280	501,261
Valuation Services	14,772	35,048
Total Sales of Goods and Rendering of Services	660,477	976,221
	2022 R	2021 R
29. RENTAL FROM FIXED ASSETS		
Investment Property	1,321,117	1,014,425
Property, Plant and Equipment	77,462	392,714
Total Rental from Fixed Assets	1,398,579	1,407,138
	2022 R	2021 R
30. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	540,859	191,990
Total Interest Earned - External Investments	540,859	191,990
	2022 R	2021 R
31. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	6,243,807	9,573,994
Total Interest Earned - Outstanding Receivables	6,243,807	9,573,994
Balance previously reported		9,576,140
Correction of error - note 43.5		(2,146)
Restated balance		9,573,994



	2022 R	2021 R
32. OPERATIONAL REVENUE		
Administrative Handling Fees and Photocopies	513,997	831,777
Breakages and Losses Recovered	1,722,838	403
Incidental Cash Surpluses	114,309	99,077
Inspection Fees	-	588
Insurance Refund	276,464	116,145
Registration Fees	74,182	167,158
Request for Information	17,509	26,668
Landfill site adjustment	-	-
Staff Recoveries	97,879	71,672
Sale of Property	56,387	188,519
Total Operational Revenue	2,873,566	1,502,007
Balance previously reported		1,502,473
Correction of error - note 43.5		(466)
Restated balance		1,502,007

	2022 R	2021 R
33. EMPLOYEE RELATED COSTS		
Acting Allowance	1,209,513	1,800,467
Basic Salaries and Wages	90,498,740	88,133,772
Bargaining council	52,299	49,104
Bonuses	6,051,481	6,233,756
Cell Phone Allowance	261,578	378,065
Essential users	142,939	12,327
Group Insurance	64,146	73,408
Housing Allowances	433,915	985,727
Medical Aid Contributions	2,015,998	1,994,637
Overtime	2,920,610	4,180,465
Payments in lieu of leave	918,529	1,482,900
Pension and UIF Contributions	14,419,306	14,570,361
Performance bonus	(44,526)	122,447
Scarcity allowance	360,101	289,641
Standby Allowances	1,581,908	2,577,819
Transport Allowances	2,407,870	2,662,065
Uniform Allowance	115,000	130,000
Post retirement obligations	1,567,804	1,373,134
Current Service Cost - Long Service Awards - Note 15.2	564,608	450,500
Current Service Cost - Medical - Note 15.1	1,003,196	922,634
Total Employee Related Costs	124,977,211	127,050,095

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

	2022 R	2021 R
Basic Salary	-	763,218
Cellular and Telephone Allowance	-	22,500
Contributions, Medical and Pension Funds	-	180,736
Motor Vehicle Allowance	-	87,866
Performance Bonus	-	145,072
Total	-	1,199,392

Period July 2020 to February 2021

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

	2022 R	2021 R
Basic Salary	1,141,500	447,849
Cellular and Telephone Allowance	18,000	6,600
Scarcity allowance	79,905	-
Total	1,239,405	454,449

From March 2021 to June 2022

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

	2022 R	2021 R
Basic Salary	-	649,338
Cellular and Telephone Allowance	-	10,500
Total	-	659,838

Period July 2020 to December 2020



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	2022 R	2021 R
Remuneration of Director : Financial Services: CJ Kyndell		
Acting Allowance	-	22,875
Total	-	22,875
<i>Acted for the period March 2021. Deputy Director Financial Services for 2021/2022 financial year</i>		
	2022 R	2021 R
Remuneration of Director : Financial Services: N.Ntsangani		
Basic Salary	704,634	158,594
Cellular and Telephone Allowance	18,000	2,565
Scarcity allowance	72,823	-
Motor Vehicle Allowance	173,817	-
Housing Allowance	7,200	-
Contributions, Medical and Pension Funds	154,676	0
Total	1,131,150	161,159
<i>Period May 2021 to June 2022</i>	2022	2021
Remuneration of Acting Director : Financial Services: NP Mabhena		
Basic Salary	88,726	-
Cellular and Telephone Allowance	1,887	-
Scarcity allowance	6,211	-
Total	96,824	-
<i>Period June 2022</i>		
	2022 R	2021 R
Remuneration of Director: Financial Services: B.S. Jacobs		
Basic Salary	-	99,805
Payments in lieu of leave	-	4,550
Cellular and Telephone Allowance	-	1,984
Total	-	106,339
<i>Period April 2021</i>		
	2022 R	2021 R
Remuneration of the Acting Director Community Services: AI Hendricks		
Basic Salary	237,727	-
Cellular and Telephone Allowance	4,500	-
Rural Allowance	16,641	-
Payments in lieu of leave	21,944	-
Total	280,812	-
<i>Acted for the period August to October 2021</i>		
	2022 R	2021 R
Remuneration of the Acting Director Community Services: MC Phosoko		
Basic Salary	70,526	150,925
Cellular and Telephone Allowance	1,500	3,000
Contributions, Medical and Pension Funds	-	-
Scarcity allowance	4,937	-
Total	76,962	153,925
<i>Acted for the period July 2021</i>		
	2022 R	2021 R
Remuneration of the Director Corporate Services: AC Makendiana		
Acting Allowance	-	79,583
Basic Salary	789,163	861,986
Cellular and Telephone Allowance	18,000	18,000
Contributions, Medical and Pension Funds	191,164	191,164
Scarcity allowance	72,823	-
Payments in lieu of leave	22,764	-
Motor Vehicle Allowance	60,000	60,000
Other benefits and allowances		
Overtime		
Payments in lieu of leave		
Pension and UIF Contributions		
Performance Bonus	-	119,111
Total	1,153,914	1,329,844
	2022 R	2021 R
Remuneration of Director: Infrastructure Services: D.C. Van Turha		
Basic Salary	831,395	807,932
Cellular and Telephone Allowance	18,000	13,065
Scarcity allowance	72,823	-
Motor Vehicle Allowance	12,000	-
Contributions, Medical and Pension Funds	176,099	0
Total	1,110,317	820,996
<i>Acted for the period July 2020 to December 2020. Permanently appointed from May 2021.</i>		



	2022	2021
	R	R
Remuneration of Director: Infrastructure Services: C.B Wright		
Acting Allowance	-	115,457
<i>Acted for the period 25 February 2021 to April 2021.</i>		
	2022	2021
	R	R
Remuneration of Acting Municipal Manager and Director: Community services: GZ Nyathi		
Basic Salary	407,186	-
Cellular and Telephone Allowance	8,857	-
Scarcity allowance	33,939	-
Acting Allowance	96,177	-
	546,158	-
<i>Acted as Director: Community Services for the period January 2022 - June 2022. Acted as Municipal Manager March 2022 - June 2022</i>		
TOTAL REMUNERATION OF KEY PERSONNEL		
	2022	2021
	R	R
Acting Allowance	96,177	217,915
Basic Salary	4,270,856	3,939,646
Cellular and Telephone Allowance	88,744	78,213
Contributions, Medical and Pension Funds	521,939	371,900
Housing Allowances	7,200	-
Motor Vehicle Allowance	245,817	147,866
Payments in lieu of leave	44,708	4,550
Performance Bonus	-	264,183
Scarcity allowance	360,101	-
	5,635,542	5,024,273
34. REMUNERATION OF COUNCILLORS		
	2022	2021
	R	R
Total Remuneration of Councillors		
Annual Remuneration	5,269,716	4,869,982
Telephone Allowance	529,835	523,600
Travelling	171,769	488,883
Tools of trade	68,252	46,200
Pension	120,999	263,827
Medical	12,125	35,582
Total	6,172,695	6,228,074
Remuneration of Councillor: Q.Louw		
Annual Remuneration	292,924	703,036
Telephone Allowance	14,507	40,800
Tools of trade	1,280	3,600
Total	308,711	747,436
Remuneration of Councillor: S.M. Motsoane		
Annual Remuneration	-	277,166
Telephone Allowance	-	27,200
Travelling	-	103,747
Tools of trade	-	2,400
Pension	-	44,914
Total	-	455,427
<i>S.M Motsoane was a councillor till February 2021</i>		
Remuneration of Councillor: A.M. Slabbert		
Annual Remuneration	204,322	204,322
Telephone Allowance	40,800	40,800
Travelling	68,108	68,108
Tools of trade	3,600	3,600
Total	316,830	316,830
Remuneration of Councillor: D.E. Welgemoed		
Annual Remuneration	61,954	243,577
Telephone Allowance	14,507	40,800
Travelling	22,703	87,509
Tools of trade	1,280	3,600
Medical	12,125	35,582
Total	112,568	411,068

Remuneration of Councillor: E Wentzel

Annual Remuneration	84,936	236,896
Telephone Allowance	14,507	40,800
Tools of trade	1,280	3,600
Pension	11,845	35,534
Total	112,568	316,830

Remuneration of Councillor: E Lawrence

Annual Remuneration	84,936	236,896
Telephone Allowance	14,507	40,800
Tools of trade	1,280	3,600
Pension	11,845	35,534
Total	112,568	316,830

Remuneration of Councillor: O Haarvoor

Annual Remuneration	96,781	272,430
Telephone Allowance	14,507	40,800
Tools of trade	1,280	3,600
Total	112,568	316,830

Remuneration of Councillor: ZJD Lambert

Annual Remuneration	221,186	330,552
Telephone Allowance	14,507	40,800
Tools of trade	1,280	3,600
Total	236,973	374,952

Remuneration of Councillor: MA Kilani

Annual Remuneration	146,329	421,074
Telephone Allowance	14,507	40,800
Travelling	53,804	161,412
Tools of trade	1,280	3,600
Pension	21,054	63,161
Total	236,973	690,046

Remuneration of Councillor: N Constable

Annual Remuneration	669,655	846,511
Telephone Allowance	40,800	40,800
Tools of trade	3,600	3,600
Total	714,055	890,911

Remuneration of Councillor: JJ van der Linde

Annual Remuneration	204,322	204,322
Telephone Allowance	40,800	40,800
Travelling	68,108	68,108
Tools of trade	3,600	3,600
Total	316,830	316,830

Remuneration of Councillor: L. Deyce

Annual Remuneration	205,591	568,648
Telephone Allowance	14,507	40,800
Tools of trade	1,280	3,600
Pension	29,943	84,683
Total	251,321	697,731

Remuneration of Councillor: L. Basson

Annual Remuneration	96,781	272,430
Telephone Allowance	14,507	40,800
Tools of trade	1,200	3,600
Total	112,488	316,830

Remuneration of Councillor: C.L. De Bruin

Annual Remuneration	504,144	52,123
Telephone Allowance	40,800	6,800
Tools of trade	3,600	600
Total	548,544	59,523



Remuneration of Councillor: EF.Botha

Annual Remuneration	166,454	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Pension	8,884	-
Total	203,952	-

Remuneration of Councillor: S.Essop

Annual Remuneration	175,338	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Total	203,952	-

Remuneration of Councillor: LBJ.Mdudumani

Annual Remuneration	175,338	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Total	203,952	-

Remuneration of Councillor: SM Meyers

Annual Remuneration	175,338	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Total	203,952	-

Remuneration of Councillor: JD Reynolds

Annual Remuneration	175,338	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Total	203,952	-

Remuneration of Councillor: N Abrahams

Annual Remuneration	407,363	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Total	435,976	-

Remuneration of Councillor: G Pietersien

Annual Remuneration	469,420	-
Telephone Allowance	22,893	-
Tools of trade	2,020	-
Total	494,333	-

Remuneration of Councillor: LV Piti

Annual Remuneration	396,693	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Pension	37,429	-
Total	462,735	-

Remuneration of Councillor: R Skuza

Annual Remuneration	175,338	-
Telephone Allowance	26,293	-
Tools of trade	2,320	-
Total	203,952	-

Remuneration of Councillor: TCJ Prince

Annual Remuneration	59,782	-
Telephone Allowance	2,834	-
Tools of trade	250	-
Total	62,866	-

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.



	2022 R	2021 R
35. CONTRACTED SERVICES		
Consultants and Professional Services	9,275,944	12,808,856
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	2,215,516	9,480,988
Consultants and Professional Services: Business and Advisory: Audit Committee	87,750	46,500
Consultants and Professional Services: Business and Advisory: Business and Financial Management	5,972,928	1,357,117
Consultants and Professional Services: Business and Advisory: Human Resources	8,250	543,559
Consultants and Professional Services: Business and Advisory: Occupational Health and Safety	2,889	-
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	10,297	147,048
Consultants and Professional Services: Infrastructure and Planning: Engineering: Civil	15,565	71,250
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	9,313	26,000
Consultants and Professional Services: Infrastructure and Planning: Town Planner	16,000	-
Consultants and Professional Services: Laboratory Services: Water	153,458	117,468
Consultants and Professional Services: Legal Cost: Issue of Summons	159	47,745
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	783,820	971,183
Contractors	1,862,212	4,633,998
Contractors: Catering Services	-	42,905
Contractors: Employee wellness	10,170	-
Contractors: Maintenance of Buildings and Facilities	240,620	170,875
Contractors: Maintenance of Equipment	866,313	1,573,728
Contractors: Maintenance of Unspecified Assets	318,835	1,212,714
Contractors: Medical Services	-	4,400
Contractors: Plants, Flowers and Other Decorations	261	-
Contractors: Prepaid Electricity Vendors	426,013	1,525,922
Contractors: Safeguard and Security	-	95,255
Contractors: Transportation	-	8,200
Outsourced Services	3,136,777	9,149,462
Outsourced Services: Burial Services	371,667	368,192
Outsourced Services: Catering Services	112,613	27,611
Outsourced Services: Cleaning Services	587	140,038
Outsourced Services: Driver Licence Cards	-	88,085
Outsourced Services: Internal Auditors	461,174	285,744
Outsourced Services: Meter Management	-	750,032
Outsourced Services: Security Services	905,648	4,630,914
Outsourced Services: Traffic Fines Management	1,285,088	2,858,846
Total Contracted Services	14,274,933	26,592,317
	2022 R	2021 R
36. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	23,704,544	24,227,390
Investment Property	213,981	213,981
Intangible Assets	118,859	165,676
Total Depreciation and Amortisation	24,037,384	24,607,046
Balance previously reported		21,321,386
Correction of error - 43.5		3,285,660
Restated balance		24,607,046
	2022 R	2021 R
37. FINANCE COSTS		
Long-term Borrowings	653,228	1,961,763
Non-current Provisions	1,425,985	1,190,979
Non-current Employee Benefits	2,874,000	2,888,000
Overdraft Facilities	6,430,311	5,328,976
Total Finance Costs	11,383,523	11,369,718
	2022 R	2021 R
38. BULK PURCHASES		
Electricity	75,463,489	70,336,738
Water	10,965,940	8,841,408
Total Bulk Purchases	86,429,430	79,178,146

The distribution loss for bulk purchases is 2022: R28 107 121.65 (34.78% electricity, 16.97% water) and 2021: R14 799 089 (14.77% electricity, 49.85% water). Refer to note 49.8 for further detail on the electricity and water loss.



	2022 R	2021 R
39. TRANSFERS AND SUBSIDIES		
Monetary Allocations		
Households	-	102,903
Non-profit Institutions (Tourism)	500,000	512,399
Total Transfers and Subsidies	500,000	615,302
	2022 R	2021 R
40. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	258,716	266,169
Achievements and Awards	1,500	1,500
Audit Fees	8,029,174	5,301,240
Bank Charges, Facility and Card Fees	773,850	667,957
Bursaries (Employees)	7,580	8,684
Courier and Delivery Services	16,054	18,955
Communication	2,133,258	1,808,941
Deeds	18,616	23,063
Entertainment	36	9,656
External Computer Service	3,004,554	3,247,427
Forfeited Deposits	-	27,043
Hire Charges	3,313,584	1,407,041
Indigent Relief	533,383	-
Insurance	952,826	1,273,346
Licences	401,213	212,312
Municipal Services	1,889,268	175,924
Printing, Publications and Books	403,025	201,759
Professional Bodies, Membership and Subscription	2,253,853	2,177,236
Remuneration to Ward Committees	114,500	383,500
Rewards Incentives	5,000	7,800
Toll Gate Fees	846	128
Transport Provided as Part of Departmental Activities	1,130	-
Travel Agency and Visa's	20,370	-
Travel and Subsistence	518,442	448,038
Uniform and Protective Clothing	367,095	34,243
Vehicle Tracking	19,908	116,615
Wet Fuel	2,530,181	2,218,914
Workmen's Compensation Fund	692,039	808,467
Total Operational Costs	28,260,001	20,845,959
	2022 R	2021 R
41. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES		
Receivables from Exchange Transactions - Note 10	(23,645,094)	(19,866,391)
Receivables from Non-exchange Revenue - Note 11	(2,586,427)	(40,103,497)
Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	(26,231,521)	(59,969,888)
	2022 R	2021 R
42. GAINS/ (LOSS) ON SALE OF FIXED ASSETS		
Property, Plant and Equipment	(490,518)	503,384
Total Gains/ (Loss) on Sale of Fixed Assets	(490,518)	503,384



	2022 R	2021 R
43. CORRECTION OF ERROR IN TERMS OF GRAP 3		
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.		
43.1 Accumulated Surplus/(Deficit) - 1 July 2020		2021 R
Balance previously reported		432,020,468
Correction items incorrectly billed - 30 June 2021		(213,827)
Correction on Property, plant and equipment (land and buildings) - 30 June 2020		14,387,928
Correction on Property, plant and equipment (infrastructure) - 30 June 2020		(107,729,687)
Correction on Property, plant and equipment (land and buildings) - 30 June 2021		(3,768,558)
Correction on Property, plant and equipment (infrastructure) - 30 June 2021		482,897
Restated Balance		335,179,221
43.2 Receivables from Exchange Transactions		2021 R
Balance previously reported		20,044,738
Correction items incorrectly billed - 30 June 2021		(9,071)
Restated Balance		20,035,667
43.3 Receivables from Non-Exchange Transactions		2021 R
Balance previously reported		45,974,267
Correction items incorrectly billed - 30 June 2021		(204,755)
Restated Balance		45,769,512
43.4 Property, Plant and Equipment		2021 R
Balance previously reported		528,358,108
Correction on Property, plant and equipment (land and buildings) - 30 June 2020		14,387,928
Correction on Property, plant and equipment (infrastructure) - 30 June 2020		(107,729,687)
Correction on Property, plant and equipment (land and buildings) - 30 June 2021		(3,768,558)
Correction on Property, plant and equipment (infrastructure) - 30 June 2021		482,897
Restated Balance		431,730,688

Management revised the hierarchy of assets in the 2021/2022 financial year. The adjustment on infrastructure assets, land and buildings is as result of re-compositionisation of infrastructure assets as well as the corresponding effect on depreciation. Further with the verification of assets additional land parcels were identified that was then included in the PPE balance based on the purpose.

43.5 Changes to Statement of Financial Performance

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

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property Rates		42,006,938	(30,407)	41,976,531
Government Grants and Subsidies - Capital		22,446,226	-	22,446,226
Government Grants and Subsidies - Operating		89,882,461	-	89,882,461
Contributed Property, Plant and Equipment		-	-	-
Actuarial Gains		-	-	-
Fines, Penalties and Forfeits		34,550,416	-	34,550,416
Interest Earned - Non-exchange Transactions		1,116,111	(174,348)	941,763
Licences and Permits from Non-Exchange Transactions		64,859	-	64,859
Service Charges		121,140,296	(6,460)	121,133,836
Sales of Goods and Rendering of Services		976,221	-	976,221
Rental from Fixed Assets		1,407,138	-	1,407,138
Interest Earned - External Investments		191,990	-	191,990
Interest Earned - Exchange Transactions		9,576,140	(2,146)	9,573,994
Licences and Permits from Exchange Transactions		69,010	-	69,010
Agency Services		302,344	-	302,344
Operational Revenue		1,502,473	(466)	1,502,007
Total		325,232,622	(213,827)	325,018,795
Expenditure				
Employee related costs		127,050,095	-	127,050,095
Remuneration of Councillors		6,228,074	-	6,228,074
Bad Debts Written Off		371,924	-	371,924
Contracted Services		26,592,317	-	26,592,317
Depreciation and Amortisation		21,321,386	3,285,660	24,607,046
Actuarial Losses		-	-	-
Finance Costs		11,369,718	-	11,369,718
Bulk Purchases		79,178,146	-	79,178,146
Inventory Consumed		5,011,935	-	5,011,935
Operating Leases		186,243	-	186,243
Transfers and Subsidies		615,302	-	615,302
Operational Costs		20,845,959	-	20,845,959
Total		298,771,100	3,285,660	302,056,760
Gains and Losses				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
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		-	-	-
Actuarial gains/(losses)		4,089,240	-	4,089,240
Total		(55,377,263)	-	(55,377,263)
Net Surplus/(Deficit) for the year		(28,915,741)	(3,499,487)	(32,415,228)



44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2022 R	2021 R
Surplus/(Deficit) for the year	(10,260,336)	(32,415,228)
Adjustments for:		
Depreciation	23,918,525	24,441,370
Amortisation	118,859	165,676
Loss/(Gain) on Sale of Fixed Assets	490,518	(503,384)
Impairment Loss/(Reversal of Impairment Loss) - Receivables	26,231,521	59,969,888
Contributed Property, Plant and Equipment	(793,995)	-
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses/gain	1,503,600	(4,089,240)
Contribution from/to - Current Employee Benefits	-	-
Contribution to employee benefits – current - expenditure incurred	-	-
Contribution from/to employee benefits - non-current - expenditure incurred	-	-
Movement in employee benefits	2,079,612	632,113
Bad Debts written off	164,298	371,924
Interest on provisions	1,384,360	4,078,979
Operating lease income accrued	87,347	54,828
Operating Surplus/(Deficit) before changes in working capital	44,924,309	52,706,926
Changes in working capital	(3,230,136)	(20,849,983)
Increase/(Decrease) in Trade and Other Payables (note 2)	48,664,495	45,835,803
Increase/(Decrease) in Taxes	(756,540)	(755,351)
(Increase)/Decrease in Inventory	(196,184)	(37,288)
Increase/(Decrease) in Consumer Deposits	382,897	1,559,831
Increase/(Decrease) in Current portion of Long-term Receivables	(662,019)	(624,536)
(Increase)/Decrease in Long-term receivables	(155,436)	-
(Increase)/Decrease in Trade Receivables from Exchange Transactions (note 1)	(24,945,339)	(14,501,934)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions (note 1)	(30,603,563)	(44,997,822)
(Increase)/Decrease Unpaid Transfers and Subsidies	-	-
Increase/(Decrease) in Unspent Transfers and Subsidies	5,041,551	(7,328,687)
Cash generated/(absorbed) by operations	41,694,173	31,856,942

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.

45. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

	2022 R	2021 R
Current Accounts - Note 12	2,932,049	52,428
Call Deposits and Investments - Note 12	13,437,213	6,156,729
Cash Floats - Note 12	16,619	15,842
Bank Overdraft - Note 12	-	(14,503,525)
Total cash and cash equivalents	16,385,881	(8,278,525)



	2022 R	2021 R
46. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 45	16,385,881	(8,278,525)
Less:	(248,318)	4,036,693
Unspent Transfers and Subsidies - Note 20	(10,831,364)	(5,789,813)
VAT - Note 21	10,583,046	9,826,506
Cash Portion of Housing Development Fund - Note 22	-	-
Net cash resources available for internal distribution	16,137,563	(4,241,832)
Resources available for working capital requirements	16,137,563	(4,241,832)

	2022 R	2021 R
47. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 13	5,282,088	6,784,620
Used to finance property, plant and equipment - at cost	(5,282,088)	(6,784,620)
Cash invested for repayment of long-term liabilities	-	-

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

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.

Finance lease loans at amortised cost is calculated at 10.5% interest rate, with the last maturity date of 31st July 2022. Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance. The loans are unsecured.

	2022 R	2021 R
48. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
48.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	123,377,330	19,478,408
Unauthorised expenditure current year - operational	24,406,572	102,870,763
Unauthorised expenditure current year - capital	-	1,028,159
Written off by Council	-	-
Unauthorised expenditure awaiting authorisation	147,783,902	123,377,330
	2022 R	2021 R

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Actual vs Budgeted spending	None	24,406,572	103,898,922
		24,406,572	103,898,922

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

	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - MUNICIPAL MANAGER	12,231,122	10,402,401	1,828,721	1,828,721
Vote 2 - CORPORATE SERVICES	31,645,357	34,296,098	(2,650,741)	-
Vote 3 - FINANCIAL SERVICES	66,294,502	43,716,651	22,577,851	22,577,851
Vote 4 - INFRASTRUCTURE	165,884,071	192,028,753	(26,144,682)	-
Vote 5 - COMMUNITY SERVICES	52,711,605	66,603,785	(13,892,180)	-
	328,766,658	347,047,688	(18,281,030)	24,406,572
	2022 Actual R	2022 Final Budget R	2022 Variance R	2022 Unauthorised R
Unauthorised expenditure current year - capital				
Vote 1 - MUNICIPAL MANAGER	-	60,000	(60,000)	-
Vote 2 - CORPORATE SERVICES	30,319	633,500	(603,181)	-
Vote 3 - FINANCIAL SERVICES	-	50,000	(50,000)	-
Vote 4 - INFRASTRUCTURE	10,247,303	15,921,035	(5,673,732)	-
Vote 5 - COMMUNITY SERVICES	5,362,207	7,456,811	(2,094,604)	-
	15,639,829	24,121,346	(8,481,517)	-



48.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance
Fruitless and wasteful expenditure current year
Written off by Council
Transfer to receivables for recovery - not condoned
Fruitless and wasteful expenditure awaiting condonement

2022 R	2021 R
1,245,310	1,242,329
8,928,215	2,981
-	-
-	-
10,173,525	1,245,310

2022
R

2021
R

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
2020 - Double payment to supplier - Kamp straat	None
2020 - Interest on overdue accounts - Eskom accounts	None
2020 - Interest and Penalties on overdue accounts - SARS	None
2020 - Interest on overdue account - Telkom accounts	None
2020 - Interest on overdue account - Auditor General	None
2020 - Interest on overdue account - Barloworld	None
2020 - Interest late payment pension - LA Retirement fund	None
2021 - Invoice paid twice - Breede Gouritz (water)	None
2022 - Interest and Penalties on overdue accounts - SARS PAYE, UIF, SDL	None
2022 - Interest and Penalties on overdue accounts - SARS VAT	None
2022 - Interest on overdue accounts - creditors	None
2022 - Salaries paid of suspended employees	None

287,798	287,798
532,857	532,857
130,784	130,784
3,132	3,132
287,393	287,393
256	256
108	108
2,981	2,981
280,983	-
405,975	-
6,430,311	-
1,810,946	-
10,173,525	1,245,310

48.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance

Irregular expenditure current year
Irregular expenditure awaiting further action

2022 R	2021 R
167,340,746	149,322,599
8,300,575	18,018,147
175,641,321	167,340,746

2022
R

2021
R

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings
2018 - SCM procedures not followed 2017/2018 - competitive bidding	Expenditure will be investigated in the next financial year
2019 - SCM procedures not followed 2018/2019	Expenditure will be investigated in the next financial year
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year
2019 - SCM procedures not followed with regards to competitive bid process and section 32	Expenditure will be investigated in the next financial year
2019 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year
2020 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year
2020 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year
2020 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year
2021 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year
2021 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year
2022 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year
2022 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year

49,397,969	49,397,969
439,130	439,130
1,639,310	1,639,310
55,780,264	55,780,264
1,017,883	1,017,883
496,714	496,714
38,626,053	38,626,053
1,925,276	1,925,276
821,167	821,167
17,196,980	17,196,980
830,808	-
7,469,767	-
175,641,321	167,340,746

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

	2022 R	2021 R
49 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
49.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)		
Opening balance	(30)	(30)
Council subscriptions	1,303,852	1,275,830
Amount paid - current year	(1,303,852)	(1,275,830)
Amount paid - previous years	30	
Balance unpaid (included in creditors)	-	(30)
	2022 R	2021 R
49.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	7,591,630	4,797,048
Current year audit fee	3,945,564	5,634,784
Amount paid - current year invoice	-	-
Amount paid - previous year invoice	(1,860,000)	(2,840,203)
Balance unpaid (included in creditors)	9,677,194	7,591,630
	2022 R	2021 R
49.3 VAT - [MFMA 125 (1)(c)]		
VAT	10,583,046	9,826,506
Closing balance	10,583,046	9,826,506
VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS.		
	2022 R	2021 R
49.4 PAYE ,SDL and UIF - [MFMA 125 (1)(c)]		
Opening balance	1,379,336	3,873,762
Current year payroll deductions	16,253,467	16,761,715
Amount paid - current year	(14,964,943)	(15,382,379)
Amount paid - previous year	(1,379,336)	(3,873,762)
Balance unpaid (included in creditors)	1,288,524	1,379,336
	2022 R	2021 R
49.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Current year payroll deductions and Council Contributions	23,804,451	24,157,344
Amount paid - current year	(23,804,451)	(24,157,344)
Balance unpaid (included in creditors)	-	-
	2022 R	2021 R
49.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June:		
	Outstanding more than 90 days	Outstanding more than 90 days
R.Skuz (20317)	202	-
JDK.Reynolds (3928)	-	-
EF.Botha (3619)	1,340	-
CL de Bruin (16414)	455	-
VL.Piti (11508)	53,337	-
N.Abrahams (1190)	-	-
LB.J.Mdudumani (14790)	-	-
N.Constable (4409)	-	-
N.Constable (5950)	-	-
S.Essop (no account)	-	-
SM.Meyers (12481)	-	-
G.Pietersen (no account)	-	-
AM.Slabbert (4113)	-	-
JJ.van der Linde (no account)	-	-
TCJ Prince (5345)	148,178	-
Q Louw (019740/030610)	-	7,663
CL de Bruin (006592/044923)	-	1,854
Total Councillor Arrear Consumer Accounts	203,511	9,517



49.7

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 2022	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-21	60,183	52,159	-	2,505	5,519
Aug-21	10,191	10,191	-	-	-
Sep-21	27,828	22,515	-	5,313	-
Oct-21	47,700	17,814	-	29,886	-
Nov-21	10,626	-	-	10,626	-
Dec-21	-	-	-	-	-
Jan-22	54,855	54,855	-	-	-
Feb-22	46,136	46,136	-	-	-
Mar-22	126,429	8,611	-	117,818	-
Apr-22	24,095	24,095	-	-	-
May-22	-	-	-	-	-
Jun-22	-	-	-	-	-
	408,043	236,376	-	166,148	5,519

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	36,249	-	-	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	-	-	-
	1,319,661	67,558	-	1,128,475	123,628

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	2021/22 Amounts
Deviations between 0 - 10 000	22	95,644
Deviations between 10 001 - 30 000	10	159,773
Deviations between 30 001 - 200 000	3	152,627
Deviations greater than 200 001	-	-
	35	408,043

Minor breaches in SCM regulations were identified of:

	Total	2021/22 Amounts
R0-R2 000	1	1,999
R2000-R10 000	3	12,839

49.8 Material losses

Electricity distribution losses

	2022 R	2021 R
Units purchased (Kwh)	52,887,769	55,262,741
Units lost during distribution (Kwh)	18,731,951	8,164,594
Percentage lost during distribution	35.42%	14.77%

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

Water distribution losses

	2022 R	2021 R
Units purchased (kl)	3,177,702	2,921,027
Units lost during distribution (kl)	504,110	1,456,276
Percentage lost during distribution	15.86%	49.85%

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.



49.9 **Other non-compliance** 2022
R 2021
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 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 unauthorise, fruitless and wasteful and irregular expenditure

Supply chain management regulations

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

VAT act Section 28

VAT returns not submitted timeously by the 25th of each month

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

The following purchases were made during the 2021/22 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Avril Catering	27,275	Son is employed at the Department of AgriCultural and daughter at Department of Social Development
Jabeja Consulting	121,061	Brother, Mr Du Plessis is employed by the Department of Education

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

Company Name	Amount	Interest
B&B Sweiswerke	19,236	Son, Mr A.C Du Plessis is currently employed by Department of Education as teacher.
Central Karoo Events	491,898	Mr PJ Julies is employed as traffic Officer at Beaufort West Municipality
Karoo Motors Workshop	300,708	Spouse, Mrs Anna -Marie van der Merwe is employed with the Department of health Services
Food and Bevarage	5,000	Niece Jo-Anne Abrahams employed at Municipality.
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.
RWS Cleaning and Maintenance Services	427,289	Spouse, R Summers are employed at Beaufort West Municipality
Ingozi Construction and General Services	3,900	Mr. FJ Pieters is employed as Chief Clerk at Beaufort West Municipality. His spouse is employed at Ingozi Construction and General.
Jabeja Consulting	20,608	Brother, Mr Du Plessis is employed by the Department of Education



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50. FINANCIAL RISK MANAGEMENT

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.

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 follow:

	2022 R	2021 R
0.5% (2021: 0.5%) Increase in interest rates	55,436	69,640
0.5% (2021: 0.5%) Decrease in interest rates	55,436	(69,640)

(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 and trade and other receivables.

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.

	2022 %	2022 R	2021 %	2021 R
Non-exchange Receivables				
Rates	12.79%	38,210,018	10.75%	28,942,443
Fines	87.21%	260,589,598	88.24%	237,463,167
Other	0.00%	0	1.01%	2,716,117
	100.00%	298,799,615	100.00%	269,121,727
Non-Current Receivables				
Repayment arrangement	100.00%	11,400,309	100.00%	9,399,405
Exchange Receivables				
Electricity	7.71%	10,099,745	9.25%	9,805,823
Water	25.45%	33,337,034	19.43%	20,585,173
Property Rentals	0.04%	56,006	0.05%	47,856
Waste Management (refuse)	16.30%	21,351,613	16.02%	16,976,335
Waste Water Management (Sewerage)	27.50%	36,028,155	26.33%	27,898,408
Other	22.99%	30,116,772	28.92%	30,643,203
	100.00%	130,989,326	100.00%	105,956,797

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:

	2022 %	2022 R	2021 %	2021 R
Exchange Receivables				
Electricity	4.36%	4,788,517	3.90%	3,354,153
Water	23.06%	25,321,103	17.88%	15,362,017
Waste Management (refuse)	17.67%	19,401,837	17.57%	15,093,388
Waste Water Management (Sewerage)	29.35%	32,236,494	28.73%	24,686,805
Housing Selling Scheme	0.03%	34,426	0.04%	30,412
Other	25.53%	28,035,335	31.88%	27,394,359
	100.00%	109,817,712	100.00%	85,921,133



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

	2022 %	2022 R	2021 %	2021 R
Other	0.93%	1,020,474	2.50%	2,151,013
Industrial	3.87%	4,249,990	4.24%	3,642,686
Residential	95.20%	104,547,248	93.26%	80,127,434
	100.00%	109,817,712	100.00%	85,921,133

Bad debts written off per debtor class:

		2022 R	2021 R
<u>Non-Exchange Receivables</u>			
Rates and Other Receivables	100%	-	-
<u>Exchange Receivables</u>			
Services	100%	164,298	371,924

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

	Exchange Receivables	Non-exchange Receivables
2022		
1 month past due	-	92,110
2+ months past due	10,161,424	3,092,784
	10,161,424	3,184,894
2021		
1 month past due	238,127	196,584
2+ months past due	7,849,802	3,094,039
	8,087,929	3,290,623

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. 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.

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.

	2022 R	2021 R
Financial assets exposed to credit risk at year end are as follows:		
Non-Current Receivables from Exchange Transactions	8,988,896	7,467,942
Non-Current Receivables from Non-Exchange Transactions	2,411,413	1,931,463
Receivables from Exchange Transactions	130,989,326	105,956,797
Receivables from Non-Exchange Transactions	10,471,595	12,262,039
Cash and Cash Equivalents	16,369,261	6,209,157
	169,230,491	133,827,399

(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
2022				
Long-term Liabilities	759,166	2,601,958	1,920,964	-
Trade and Other Payables	154,291,132	-	-	-
	155,050,298	2,601,958	1,920,964	-
	Less than 1 year	Between 1 and 5 years	Between 5 and 30 years	More than 10 years
2021				
Long-term Liabilities	1,502,533	2,724,156	2,557,930	-
Trade and Other Payables	105,366,831	-	-	-
	106,869,364	2,724,156	2,557,930	-



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51. FINANCIAL INSTRUMENTS		2022 R	2021 R
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
51.1 Financial Assets	Classification	2022 R	2021 R
Non-Current Receivables			
Receivables with repay arrangements	Financial Instruments at amortised cost	3,736,707	2,663,024
Housing Loans	Financial Instruments at amortised cost	16,337	36,157
		2022 R	2021 R
Receivables from Exchange Transactions			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	19,090,177	16,786,821
Other receivables from exchange transactions	Financial Instruments at amortised cost	2,081,437	3,248,844
Other receivables from non-exchange transactions	Financial Instruments at amortised cost	0	2,716,117
		2022 R	2021 R
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	2,948,668	68,270
Call Deposits	Financial Instruments at amortised cost	13,437,213	6,156,729
		2022 R	2021 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Long-term Receivables	Receivables with repay arrangements	3,736,707	2,663,024
Long-term Receivables	Housing Loans	16,337	36,157
Trade receivables from exchange transactions	Trade receivables from exchange transactions	19,090,177	16,786,821
Other receivables from exchange transactions	Other receivables from exchange transactions	2,081,437	3,248,844
Other receivables from non-exchange transactions	Other receivables from non-exchange transactions	0	2,716,117
Cash and Cash Equivalents	Bank Balances	2,948,668	68,270
Cash and Cash Equivalents	Call Deposits	13,437,213	6,156,729
Total Financial Assets		41,310,538	31,675,962
		2022 R	2021 R
51.2 Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	4,522,921	5,807,243
Capitalised Lease Liability	Financial Instruments at amortised cost	-	977,377
		2022 R	2021 R
Trade and Other Payables			
Receivables with credit balances	Financial Instruments at amortised cost	5,250,015	4,074,968
Retentions	Financial Instruments at amortised cost	259,806	2,053,822
Sundry creditors	Financial Instruments at amortised cost	625,327	4,312,681
Sundry deposits	Financial Instruments at amortised cost	-	1,833,464
Trade Payables	Financial Instruments at amortised cost	148,155,984	93,091,896
		2022 R	2021 R
Current Portion of Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	671,086	613,237
Capitalised Lease Liability	Financial Instruments at amortised cost	88,080	889,297
		2022 R	2021 R
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	14,503,525
		2022 R	2021 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	5,194,007	6,420,480
Long-term Liabilities	Capitalised Lease Liability	88,080	1,866,674
Trade and Other Payables	Receivables with credit balances	5,250,015	4,074,968
Trade and Other Payables	Retentions	259,806	2,053,822
Trade and Other Payables	Sundry creditors	625,327	4,312,681
Trade and Other Payables	Sundry deposits	-	1,833,464
Trade and Other Payables	Trade Payables	148,155,984	93,091,896
Cash and Cash Equivalents	Bank Overdraft	-	14,503,525
		159,573,220	128,157,509



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52. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes

VAT Receivable

2022
R **2021**
R

10,583,046 9,826,506

Receivables from Non-Exchange Transactions

309,271,210 275,951,532

Rates

38,210,018 28,942,443

Rates - other receivables

10,471,595 9,545,922

Fines

260,589,598 237,463,167

Total Statutory Receivables (before provision)

319,854,256 285,778,038

Less: Provision for Debt Impairment

(235,484,564) (232,898,137)

Total Statutory Receivables (after provision)

84,369,692 52,879,901

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.

	2022 R	2021 R
(Rates): Ageing		
Current (0 - 30 days)	6,404,691	3,313,731
31 - 60 Days	991,004	1,176,974
61 - 90 Days	845,670	993,162
+ 90 Days	29,968,653	23,458,577
Total	38,210,018	28,942,443

	2022 R	2021 R
(Other Rates Debtors): Ageing		
Current (0 - 30 days)	4,523	30,640
31 - 60 Days	32,186	32,721
61 - 90 Days	30,476	30,172
+ 90 Days	10,404,774	9,452,388
Total	10,471,959	9,545,922

	2022 R	2021 R
Fines: Ageing		
Current (0 - 30 days)	5,835,450	2,829,500
31 - 60 Days	6,424,100	3,821,800
61 - 90 Days	5,898,600	3,541,300
+ 90 Days	242,431,448	227,270,567
Total	260,589,598	237,463,167

	2022 R	2021 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	232,898,138	193,452,308
Contribution to provision	5,247,320	39,445,830
Reversal of provision	(2,660,894)	-
Balance at end of year	235,484,564	232,898,138

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.

Ageing of amounts past due and impaired:

	2022 R	2021 R
1 month past due	7,355,181	5,406,589
2+ months past due	284,729,000	295,507,097
	292,084,180	300,913,686

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.

Ageing of amounts past due but not impaired:

	2022 R	2021 R
1 month past due	92,110	196,584
2+ months past due	3,092,784	3,094,039
	3,184,894	3,290,623

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



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	2022	2021
	R	R
<u>Interest Received from Statutory Receivables</u>		
Taxes	1,628,231	941,763
Interest is levied at a rate determined by the council on outstanding rates amounts, in relation to rates.		
	2022	2021
	R	R
53. CONTINGENCIES		
The following guarantees qualify as contingent liabilities:		
NAME / REG NO	GUARANTEE ISSUED TO	
Nedbank	Performance guarantee no: 285/32883307: Post office	50,000
Nedbank	Electricity guarantee: 285/32883218: Eskom	34,700
Nedbank	Electricity guarantee: 285/32883005: Eskom - Nelspoort	41,000
	125,700	125,700
Claims against the municipality		
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:		
<u>Beaufort West Municipality/E Franse</u>		
The municipality has a claim against then whereby a child was injured in a playing park due to the negligence of the municipality. A settlement amount was determined and the amount was paid by the Insurers.	-	-
<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.	3,311,206	3,311,206
<u>Beaufort West Municipality/A Damon & SS Damon</u>		
A summons was issued against the municipality. The summons have been defended by the municipality's attorney and furnished our opponents with our Plea. At this stage it is unclear if the matter will be pursued any further by Plaintiffs. The outcome will be determined in court and date has been set for 9 November 2021. No judge could be allocated to attend this matter and it was removed from the court roll on 9 November 2021. Awaiting a new trial date	400,000	400,000
<u>Beaufort West (JJ Draaijer)/Bakers Transport</u>		
A claim for damages by Bakers Transport as a result of a motor vehicle accident (R+40 000). The matter has been settled for an amount of R33 0000. The claim was subsequently paid by insurers and the file was closed.	-	33,000
<u>Beaufort West/Africa Creek</u>		
A claim against the municipality for an amount of R15 340 344 by Africa creek. The municipality denies liability to this claim and currently in process of being defended in the Cape Town High Court. A notice of intent have been filed and no further movement have	250,000	250,000
<u>Beaufort West/JW van Wyk</u>		
This is labor matter were Applicant, Mr van Wyk claims arrear overtime money. An application for default judgement was filed during April 2021 and the lawyers are now in the process of determining if the application for default has been granted. If not the municipality will have an opportunity in order to oppose this matter. The applicant did not disclose an amount that was due to him and at this stage we are not in position to establish the financial exposure to the Beaufort West Municipality.		
Subsequently a directive from the Labour court to file a notice of condonation as well as answering statement was filed. Awaiting the Labour court to furnish a date for the matter to be heard.		
<u>Suspension of directors</u>		
Directors were suspended in the 2021/2022 financial year. Investigators were appointed to investigate the matter. Matter is still in progress on 30 June 2022. This matter is handled by municipality and not the municipal lawyers.	-	-
<u>Suspension of employees</u>		
The supply chain practitioner was suspended June 2021 and the Revenue Manager in August 2022. The matter is still ongoing in-house and at this stage possible financial impact cannot be determined.	-	-
<u>Murraysburg Landfill site</u>		
The landfill site licence expired in 2019 and currently the site is operated illegally. A new application is yet to be submitted to the Department of Environmental Affairs.		
The municipality is exposed to a possible fine or imprisonment or both. This will only be determined once a communication is issued by the Department.	-	-



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			<u>3,961,206</u>	<u>3,994,206</u>
			<u>2022</u>	<u>2021</u>
			<u>R</u>	<u>R</u>
CONTINGENT ASSETS				
BANK / FIRM	PURPOSE	REG NO		
First National Bank	Electricity supply:163/3/96	147	2,020	2,020
FNB/Shoprite	Electricity Supply:579-123/91	88	12,265	12,265
FNB/Ackermans	Electricity Supply:579-131/91	91	2,080	2,080
ABSA Bank	Water & Electricity services erf no.7401 (Beaufort Mall)	270	222,000	222,000
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	31,300	31,300
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	21,100	21,100
Rand Merchant Bank o.b.o TG Elektries (Pty) Ltd	Performance Guarantee: Guarantee Number: OGT0672ZA0034406: Mechanical ad Electrical Work - Merweville Boreholes	326	-	380,854
Rand Merchant Bank o.b.o De Jagers Loodgieters kontrakteurs (Edms)Bpk	Performance Guarantee: Guarantee Number: OGT0672ZA0034984 : Merweville Reservoir	327	-	448,916
Rand Merchant Bank o.b.o TG Elektries (Pty) Ltd	Performance Guarantee: Guarantee Number: OGT0672ZA0036679	329	-	82,769
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 Merweville Reservoir: Construction of 500kl Reservoir	330	-	645,067
Rand Merchant Bank o.b.o De Jagers Loodgieters Kontrakteurs (Edms) Bpk		331	258,127	-
WFJ Services (Pty) Ltd o.b.o Active Phambili Civils	Murraysburg Reservoirs: Construction of a 200kl and 400 kl reservoir	333	185,457	-
	A claim against the municipality against councillors of the DA and certain DA employees, for salaries paid in error. The municipality is the plaintiff in the matter and several pleas were argued in High court in January 2021. A judgement were forwarded to Municipal Manager and was successful in defence of special please. The court also ordered the defendants to pay legal fees to the municipality. The judgement relates only to preliminary issue, but main trail must still proceed and at this stage are in process of applying for date at high court.		-	-
Beaufort West/DA councillors			<u>734,348</u>	<u>1,848,371</u>
Correction of error				
Amount previously disclosed				1,859,207
Rand Merchant Bank o.b.o R. Koster t/a R.A Koster (302) - difference between amount disclosed and guarantee				100
Gaurdrisk insurance incorrectly included in the 2020/2021 financial year (expired 1 July 2020)				<u>(10,936)</u>
Restated balance				<u><u>1,848,371</u></u>



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence
27 January 2023

54.	RELATED PARTIES	2022 R	2021 R			
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.						
54.1	Related Party Transactions					
		Rates - Levied 1 July 2021- 30 June 2022	Service Charges - Levied 1 July 2021 - 30 June 2022	Other - Levied 1 July 2021 - 30 June 2022	Outstanding Balance - 30 June 2022	Provision for impairment - 30 June 2022
Year ended 30 June 2022						
Councillors						
R.Skruza (20317)		138	-	-	204	202
JDK.Reynolds (3928)		8,736	3,490	-	2,550	-
EF.Botha (3619)		846	2,198	-	2,301	1,340
CL.de Bruin (16414)		478	2,329	-	1,316	455
VL.Piti (11508)		979	2,648	-	53,997	53,337
N.Abrahams (1190)		-	-	-	-	-
L.B.J.Mdudumani (14790)		754	2,117	-	312	-
N.Constable (4409)		2,766	6,136	-	906	-
N.Constable (5950)		521	4,825	(53)	520	-
S.Essop (no account)		-	-	-	-	-
SM.Meyers (12481)		-	2,897	(238)	-	-
G.Pietersen (no account)		-	-	-	-	-
AM.Slabbert (4113)		5,132	26,388	(1,128)	-	-
JJ.van der Linde (no account)		-	-	-	3,008	-
TCJ Prince (5345)		12,998	74,479	-	166,375	148,178
		33,347	127,507	(1,419)	231,489	203,511
Municipal Manager and Section 57 Employees						
Municipal Manager : J Penxa (No account)		-	-	-	-	-
Director : A Makendiana (5247)		56	48	(9)	-	-
Director : D . Ventura (No Account)		-	-	-	-	-
Director : N . Ntsanga (No Account)		-	-	-	-	-
		56	48	(9)	-	-
		Rates - Levied 1 July 2020- 30 June 2021	Service Charges - Levied 1 July 2020 - 30 June 2021	Other - Levied 1 July 2020 - 30 June 2021	Outstanding Balance - 30 June 2021	Provision for impairment - 30 June 2021
Year ended 30 June 2021						
Councillors						
AM Slabbert (4113)		6,528	25,816	-	2,526	-
N Constable (4409)		3,098	11,442	-	1,202	34
N Constable (5950)		597	5,786	-	529	-
O Haarvoor (20943)		-	295	-	147	74
JJ van der Linde (6173)		766	2,877	-	3,643	3,643
Q Louw (7189)		5,523	24,773	-	13,891	6,005
L Deyce (20240)		1,553	1,769	-	276	-
L Basson (12483)		98	227	-	308	293
MA Killani(7449)		691	6,335	-	572	0
MA Killani(2020)		145	1,764	-	132	-
DE Welgemoed (5230)		9,676	40,415	-	5,937	-
CL de Bruin (2126)		-	3 440.97	-	2,875	2,344
		28,674	121,499	-	32,040	12,392
		Rates - Levied 1 July 2020- 30 June 2021	Service Charges - Levied 1 July 2020 - 30 June 2021	Other - Levied 1 July 2020 - 30 June 2021	Outstanding Balance - 30 June 2021	Provision for impairment - 30 June 2021
Year ended 30 June 2021						
Municipal Manager and Section 57 Employees						
Municipal Manager : J Penxa (No account)		-	-	-	-	-
Director : A Makendiana (012180/029959)		11,676	2,727	-	1,200	-
Director : D . Ventura (No Account)		-	-	-	-	-
Director : N . Ntsanga (No Account)		-	-	-	-	-
		11,676	2,727	-	1,200	-
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.						
54.2	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.						
54.3	Compensation of key management personnel					
The compensation of key management personnel is set out in note 33 and 34 to the Annual Financial Statements.						

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54.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 33 and 34 to the Annual Financial Statements.



55. FINANCIAL SUSTAINABILITY

Financial Indicators

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

The municipality have budgeted for a surplus of R1 716 679 for the 2021/2022 financial year. The municipality is also budgeting for positive cash flows during 2022/2023 and 2023/2024 amounting to R23 684 162 and R22 009 475 respectively.

The municipality had an actual deficit of R10 260 335 for the current year.

The average debtors' payment days increased to 743 days from 670 days.

The average creditors payment period is 416 days (2021: 291 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 R56 482 107 (2021: R58 552 396).

A bank overdraft facility is utilised amounting to R5 000 000

The municipality is in had a positive bank balance with Nedbank to an amount of R2 643 186 (2021 - R14 503 524 in arrears) as per bank statement.

The bank balance as per the cash book (primary account) for the current year is R2 821 384 and R14 503 524 (2021).

There was increase of in cash and cash equivalents for the current year of R24 664 406 and increase of R4 277 792 for the prior year.

The municipality has call investment deposits for the current year of R13 437 212 and R6 156 729 (2021)

The outstanding balances in respect of external loans amounts to R5 282 087 (2021 - R6 784 620)

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

Possible outflow of resources due the contingent liability disclosed in note 53.

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.

56. 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.

57. PRINCIPAL/AGENT AGREEMENTS

Agent: Provincial Department of Transport and Public Works

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.

	2022 R	2021 R
Compensation received for agency activities		
Commission	462,007	302,344
Total Compensation received	462,007	302,344

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

Principal arrangement: Traffic services

The municipality has a service provider TVS who acts as an agent for the municipality with the issuing of traffic fines

All payments are received directly by the municipality and the service provider issue invoices to the municipality for commission payable

The municipality determines the significant terms and conditions and receives the benefit from traffic fines issues.

There are no resources under the custodianship of the agent, nor have they been recognised as such.
As no resources of the municipality is held by the service provider, no significant risks has been transferred.

Should a possible breach in contract arise there could be cost implications depending on the agreement/outcome reached.

	2022 R	2021 R
Commission paid to the agent:	1,280,663	1,913,263

The commission payable to the agent various depending on the fines collected for the month. An average commission of 45% (2021:41%) was paid to the agent.

Principal arrangement: Pre-paid

The municipality has a service providers Contour (December 21-June 22) and Utilities World (July 2020-December 21) who acts as agent for the municipality with the sale of prepaid electricity and water.

All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

The municipality determines the significant terms and conditions and receives the benefit from water and electricity sold. The only change that occurred from the previous period is that a new service provider was appointed

There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant risks has been transferred.

There is no cost implication to the municipality if the arrangement is terminated.

	2022 R	2021 R
Commission paid to the agent:	872,235	999,922

The commission will vary between 1%-4.6% depending on the method of payment.(Contour). A commission of 3.2% was paid to Utilities World.

Principal arrangement: Easypay

The municipality has a service provider Easypay who acts as an agent for the municipality with the 3rd party collection of debtor payments.

All payments are received directly by the municipality and the service provider invoices the municipality for commission payable.

The municipality determines the significant terms and conditions and receives the benefits. No change occurred in significant terms and conditions from the previous period.

There are no resources under the custodianship of the agent, nor have they been recognised as such. As no resources of the municipality is held by the service provider, no significant risks has been transferred.

There is no cost implication to the municipality if the arrangement is terminated.

	2022 R	2021 R
Commission paid to the agent:	139,941	133,907
Commission between 1-2% per amounts collected.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

59.

REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2022

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 WES LOCAL MUNICIPALITY						
PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2022						
	Municipal Manager	Corporate Service	Financial Services	Infrastructure	Community Services	Total
	R	R	R	R	R	R
SEGMENT REVENUE						
External revenue from exchange transactions	(46,064)	(1,466,376)	(16,281,238)	(124,703,383)	(943,984)	(143,441,045)
Service Charges	-	-	(10,544,165)	(120,507,732)	-	(131,051,897)
Sales of Goods and Rendering of Services	(0)	-	(134,193)	(84,672)	(441,611)	(660,477)
Rental from Fixed Assets	(36,855)	(1,321,117)	-	-	(40,607)	(1,398,579)
Interest Earned - External Investments	-	-	(540,859)	-	-	(540,859)
Interest Earned - Exchange Transactions	-	-	(2,132,828)	(4,110,978)	-	(6,243,807)
Licences and Permits	-	-	(209,854)	-	-	(209,854)
Agency Services	-	-	-	-	(462,007)	(462,007)
Operational Revenue	(9,209)	(145,259)	(2,719,339)	-	242	(2,873,566)
External revenue from non-exchange transactions	(36,750,146)	(919,351)	(77,661,064)	(45,844,236)	(13,890,480)	(175,065,276)
Property Rates	-	-	(45,484,089)	-	-	(45,484,089)
Government Grants and Subsidies - Capital	-	-	-	(9,869,928)	(4,982,864)	(14,852,792)
Government Grants and Subsidies - Operating	(36,750,146)	(919,351)	(2,214,000)	(35,180,090)	(6,538,528)	(81,602,115)
Contributed Property, Plant and Equipment	-	-	-	(793,995)	-	(793,995)
Actuarial Gains	-	-	-	-	-	-
Fines, Penalties and Forfeits	-	-	(28,334,744)	(222)	(2,248,635)	(30,583,602)
Interest Earned - Non-exchange Transactions	-	-	(1,628,231)	-	-	(1,628,231)
Licences and Permits	-	-	-	-	(120,452)	(120,452)
Total Segment Revenue	(36,796,211)	(2,385,727)	(93,942,302)	(170,547,618)	(14,834,464)	(318,506,322)
SEGMENT EXPENDITURE						
Employee related costs	2,956,267	18,508,075	12,172,446	42,453,622	48,886,801	124,977,211
Remuneration of Councillors	-	6,172,695	-	-	-	6,172,695
Bad Debts Written Off	-	-	164,298	-	-	164,298
Contracted Services	2,144,745	1,144,178	7,002,592	2,085,532	1,897,886	14,274,933

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Depreciation and Amortisation	-	118,859	23,704,544	213,981	-	24,037,384
Finance Costs	1,426,052	22,564	9,324,019	610,604	285	11,383,523
Bulk Purchases	-	-	-	86,429,430	-	86,429,430
Inventory Consumed	99,512	409,241	338,639	2,980,831	513,322	4,341,545
Operating Leases	-	-	-	-	-	-
Transfers and Subsidies	500,000	-	-	-	-	500,000
Operational Costs	5,104,546	5,269,745	6,447,551	7,367,966	4,070,191	28,260,001
Total Segment Expenditure	12,231,122	31,645,357	59,154,090	142,141,966	55,368,484	300,541,019
Surplus/(Deficit)	(24,565,089)	29,259,630	(34,788,213)	(28,405,653)	40,534,021	(17,965,303)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-	(5,636,813)	(23,251,588)	2,656,879	(26,231,521)
Gains/(Loss) on Sale of Fixed Assets	-	-	-	(490,518)	-	(490,518)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	-	-	-
Actuarial gain/(loss)	-	-	(1,503,600)	-	-	(1,503,600)
Surplus/(Deficit) after Capital Transfers & Contributions	(24,565,089)	29,259,630	(27,647,800)	(4,663,547)	37,877,142	10,260,336
Taxation	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	(24,565,089)	29,259,630	(27,647,800)	(4,663,547)	37,877,142	10,260,336
Attributable to Minorities	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality	(24,565,089)	29,259,630	(27,647,800)	(4,663,547)	37,877,142	10,260,336
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
Surplus/(Deficit) for the year	(24,565,089)	29,259,630	(27,647,800)	(4,663,547)	37,877,142	10,260,336
Capital expenditure per segment	-	30,319	-	10,247,303	5,362,207	15,639,829

APPENDIX A
BEAUFORT WEST LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2022

EXTERNAL LOANS	Reg No.	Rate	Supplier	Loan Number	Maturity date	Balance at 30 June 2022	Received during the period	Redeemed written off during the period	Balance at 30 June 2022
LONG-TERM LOANS									
ANNUITY LOANS									
<u>General</u>									
Sewerage Farm Merweville		6.75%	DBSA	103464/2	31/12/2024	908,225	-	(238,401)	669,824
Entrance Road Industrial Area		10.17%	Nedbank	5/7831033947/1	30/06/2020	0	-	-	0
<u>Electricity</u>									
20MVA Transformer - Sub Station		10.90%	DBSA	103464/1	31/12/2029	2,973,704	-	(227,525)	2,746,179
<u>Water Works</u>									
Farm Hansrivier		10.90%	DBSA	103464/1	31/12/2029	1,494,200	-	(114,325)	1,379,876
Pressure Control System		10.90%	DBSA	103464/1	31/12/2029	431,114	-	(32,986)	398,128
								-	-
Total Annuity Loans						5,807,243	-	(613,237)	5,194,007
LEASE LIABILITY									
Ldv Isuzu KB250D Fleetside	CZ 5524	10.50%	Bidvest Bank	Reticulation: High Voltage	30/10/2021	27,948	-	(27,948)	(0)
Ldv Isuzu KB250D Fleetside	CZ 8340	10.50%	Bidvest Bank	Reticulation Low	30/10/2021	27,948	-	(27,948)	(0)
Machine Photocopy MP301 SPF Mono MFP	W918P901293	10.50%	Ricoh	General Expenses	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901494	10.50%	Ricoh	Traffic court	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901485	10.50%	Ricoh	Stores	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901488	10.50%	Ricoh	Fire Brigade	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901302	10.50%	Ricoh	Mechanical Workshop	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901295	10.50%	Ricoh	Vehicle registration	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901292	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901449	10.50%	Ricoh	Kwa Mandlenkosi Office	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901487	10.50%	Ricoh	General Expenses	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901484	10.50%	Ricoh	General Expenses	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901470	10.50%	Ricoh	Murraysburg Administration	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901291	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901299	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901489	10.50%	Ricoh	Thusong Centre	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901298	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901486	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901493	10.50%	Ricoh	General Expenses	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918PA00934	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901495	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901301	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901296	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901490	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901297	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901294	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy MP301 SPF Mono MFP	W918P901300	10.50%	Ricoh	Dir: Financial Services	31/07/2022	10,652	-	(9,789)	863
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900044	10.50%	Ricoh	Stores	31/07/2022	20,372	-	(18,722)	1,651
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900077	10.50%	Ricoh	Housing Office	31/07/2022	20,372	-	(18,722)	1,651
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810435	10.50%	Ricoh	Library Church street	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810157	10.50%	Ricoh	Library Church street	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910385	10.50%	Ricoh	Dir: Engineers Services	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810438	10.50%	Ricoh	Dir: Electricity Services	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810598	10.50%	Ricoh	Dir: Community Services	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810427	10.50%	Ricoh	Dir: Financial Services	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810097	10.50%	Ricoh	Library Nelspoort	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810684	10.50%	Ricoh	Murraysburg Library	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910379	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810710	10.50%	Ricoh	Wheely Wagon Kwa Mandlenkosi	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810151	10.50%	Ricoh	Library Mimosa	31/07/2022	26,811	-	(24,639)	2,172
Machine Photocopy Ricoh MPC 6503 SP	C068CC30004	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	75,056	-	(68,976)	6,080
Cherry Picker	CZ9382	10.50%	Bidvest Bank	Reticulation: High Voltage	30/06/2022	165,432	-	(165,431)	0
Sedan Etios	CZ10906	10.25%	Eqstra	Dir: Financial Services	28/02/2022	79,038	-	(45,801)	33,237
						977,387	-	(889,297)	88,090
TOTAL EXTERNAL LOANS						6,784,630	-	(1,502,533)	5,282,097



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APPENDIX B
BEAUFORT WES LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
			Governance and Administration			
81,314,651	21,834,405	59,480,246	Executive and council	27,343,322	13,261,126	14,082,196
90,276,755	163,110,145	(72,833,390)	Finance and administration	104,309,801	103,707,009	602,791
			Community and Public Safety			
7,692,103	7,571,422	120,680	Community and social services	12,770,265	15,334,131	(2,563,866)
90,948	7,038,031	(6,947,083)	Sport and recreation	468,418	1,711,393	(1,242,975)
4,960,163	22,755,438	(17,795,275)	Public safety	2,817,689	18,499,899	(15,682,210)
237,612	1,603,110	(1,365,498)	Housing	249,450	239,875	9,576
			Economic and Environmental Services			
1,881,756	14,597,987	(12,716,231)	Planning and development	1,940,187	5,240,813	(3,300,626)
2,554,947	10,422,448	(7,867,501)	Road transport	-	10,729,216	(10,729,216)
			Trading Services			
89,095,572	89,101,477	(5,904)	Energy sources	97,304,770	91,009,768	6,295,002
50,512,886	23,475,883	27,037,004	Water management	31,599,903	35,234,606	(3,634,704)
18,862,550	5,498,107	13,364,443	Waste water management	26,289,345	13,632,630	12,656,715
868,923	13,579,719	(12,710,795)	Waste management	13,292,638	18,100,206	(4,807,568)
348,348,867	380,588,171	(32,239,304)	Sub Total	318,385,788	326,700,674	(8,314,886)
(175,924)	-	(175,924)	Less Inter-Departmental Charges	(1,945,450)		(1,945,450)
348,172,943	380,588,171	(32,415,228)	Total	316,440,338	326,700,674	(10,260,336)

APPENDIX C
BEAUFORT WES LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022
MUNICIPAL VOTES CLASSIFICATIONS

2021 Actual Income R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Income R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
800,000	4,753,463	(3,953,463)	Municipal Manager	8,108,155	6,919,389	1,188,765
80,514,651	17,102,476	63,412,175	Municipal Manager Mayor and Council	19,235,168	7,835,048	11,400,120
			Chief Financial Officer			
89,836,709	136,027,595	(46,190,886)	Budget and Treasury Office	93,979,158	63,846,637	30,132,521
			Director: Administration			
560,745	21,494,673	(20,933,928)	Corporate Services	11,801,760	31,682,915	(19,881,155)
1,881,787	19,293,194	(17,411,407)	Planning and Development	1,940,187	10,864,723	(8,924,536)
			Director: Community Services			
12,531,535	23,440,422	(10,908,887)	Community and Social Services	14,116,837	26,955,006	(12,838,169)
90,948	7,038,031	(6,947,083)	Sport and Recreation	468,418	1,711,393	(1,242,975)
-	5,062,817	(5,062,817)	Public Safety	-	4,765,485	(4,765,485)
237,612	1,603,110	(1,365,498)	Housing	249,450	239,875	9,576
			Director: Technical Services			
2,554,947	13,117,204	(10,562,257)	Road Transport	-	13,902,992	(13,902,992)
89,095,572	89,101,477	(5,904)	Electricity	97,304,770	91,009,768	6,295,002
50,512,886	23,475,883	27,037,004	Water	31,599,903	35,234,606	(3,634,704)
18,862,550	5,498,107	13,364,443	Waste Water Management	26,289,345	13,632,630	12,656,715
868,923	13,579,719	(12,710,795)	Waste Management	13,292,638	18,100,206	(4,807,568)
348,348,867	380,588,171	(32,239,304)	Sub Total	318,385,788	326,700,674	(8,314,886)
(175,924)	-	(175,924)	Less Inter-Departmental Charges	(1,945,450)	-	(1,945,450)
348,172,943	380,588,171	(32,415,228)	Total	316,440,338	326,700,674	(10,260,336)

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 2022
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Impairment			Accumulated Depreciation				Carrying Value
	Opening Balance	Transfer in	Transfer out	Additions	Disposals	Closing Balance	Opening Balance	Additions	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Budget & Treasury	7,823,315	-	-	29,279	(1,043,495)	6,809,098	3,500	-	3,500	6,138,411	712,381	(937,354)	5,913,438	892,161
Community & Social Services	2,930,714	-	-	-	(38,039)	2,892,674	-	-	-	2,073,439	385,641	(37,596)	2,421,484	471,190
Corporate Services	170,810,128	7,409,867	-	421,776	(60,134)	178,581,637	16,929,698	-	16,929,698	37,193,279	4,266,520	(59,748)	41,400,051	120,251,888
Electricity	133,023,577	793,995	(793,995)	6,152,313	(1,429,163)	137,746,727	-	261,924	261,924	41,956,477	3,181,314	(1,344,954)	43,792,836	93,691,966
Executive & Council	2,830,903	-	(7,409,860)	4,940,423	(21,354)	340,111	-	-	-	257,140	30,784	(21,208)	266,716	73,396
Housing	58,759	-	-	-	-	58,759	-	-	-	36,490	17,926	-	54,416	4,343
Planning & Development	1,351,494	-	-	1,040	(150,680)	1,201,854	-	-	-	1,101,170	77,555	(132,834)	1,045,891	155,963
Public Safety	2,549,182	-	-	-	(9,409)	2,539,773	-	-	-	1,037,603	180,509	(9,345)	1,208,767	1,331,006
Road Transport	197,822,618	-	-	-	(100,655)	197,721,963	-	-	-	112,412,104	5,293,098	(82,738)	117,622,463	80,099,500
Sport & Recreation	17,612,743	-	-	-	(28,307)	17,584,436	593,647	-	593,647	6,677,641	1,376,301	(28,049)	8,025,894	8,964,895
Waste Management	11,688,609	-	-	-	(450)	11,688,159	-	-	-	10,687,367	106,488	(448)	10,793,407	894,752
Waste Water Management	105,918,786	-	-	-	(4,273)	105,914,513	-	-	-	52,753,376	4,331,394	(4,227)	57,080,543	48,833,970
Water	116,367,495	16,698,109	(16,698,109)	4,094,990	(32,909)	120,429,577	-	-	-	49,206,311	3,744,634	(31,773)	52,919,172	67,510,405
	770,788,320	24,901,971	(24,901,965)	15,639,821	(2,918,868)	783,509,280	17,526,845	261,924	17,788,769	321,530,807	23,704,544	(2,690,275)	342,545,077	423,175,434



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APPENDIX E
BEAUFORT WES LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR 30 JUNE 2022

Grant Description	Balance 1 July 2021	Correction of Error	Restated Balance 30 June 2021	Contributions during the year	Transfers	Interest on Investments	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 2022
National Government Grants											
Equitable Share	(0)	-	(0)	69,279,000	345,762	-	-	69,624,762			(0)
Local Government Financial Management Grant	-	-	-	1,914,000		-		(1,914,000)			-
Municipal Infrastructure Grant	-	-	-			-					-
PMU	148,912	-	148,912	726,050	(148,912)	-		(550,623)			175,427
Upgrade Existing Regional Sport Stadium Ph2 - Rustdene	-	-	-	1,559,827		-		-	302,823	45,423	1,211,581
Nelspoort : New High Mast Lighting	-	-	-	1,357,111		-		-	1,180,096	177,014	0
Kwa-Mandlenkosi: Upgrade Sports Stadium	71,752	-	71,752	118,953	(71,752)	-		-	118,953		0
Beaufort West: Expansion of Goue Akker Cemetery	(8)	-	(8)	4,546,021	8	-		-	3,890,857	583,628	71,536
Merweville: Construction of New Reservoir	61	-	61		(61)	-		-			-
Beaufort West: New High Mast Lighting - Rustdene Prince Valley Lande				3,561,904		-		-	3,511,629	526,744	(476,469)
Murraysburg: Construction of Two (2) New Reservoirs	(1)	-	(1)	1,690,251	1	-		-	1,469,783	220,468	-
Murraysburg: Construction of Two (2) New Reservoirs (Additional Fund Application)	-	-	-	960,883		-		-	784,911	117,737	58,235
Integrated National Electrification Grant	33,313	-	33,313	6,100,000	(33,313)	-		(422,275)	(63,341)		5,614,383
Expanded Public Works Programme Integrated Grant	91,733	-	91,733	1,285,000	(91,733)	-		(1,285,000)			0
Total National Government Grants	345,762	-	345,762	93,099,000	(0)	-	-	(73,374,386)	(11,681,328)	(1,734,356)	6,654,693
Provincial Government Grants											
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	158,277	-	158,277					(249,450)			(91,173)
Provincial Treasury : Financial Management Capacity Building Grant	1,280,000	-	1,280,000	250,000			(1,280,000)				250,000
Provincial Treasury : Financial Management Support Grant	200,000	-	200,000	100,000				(300,000)			-
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	880,658	-	880,658	6,548,000				(6,289,078)	(41,179)		1,098,401
Department of Local Government : Fire Service Capacity Building Grant	154,074	-	154,074				(154,074)				-
Fire and Drought Relief Grant	17,097	-	17,097				(17,097)				(0)
Department of Local Government : Local Government Public Employment Support Grant				1,100,000				(64,266)			1,035,734
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	215,284	-	215,284	226,000			-	276,300			164,984
Department of Local Government : Thusong Services Centres Grant (Operational Support Grant)	102,787	-	102,787	150,000			(102,787)	150,000			(0)
Department of Local Government : Municipal Drought Relief Grant	1,125,517	-	1,125,517				(308,156)	(789,243)			28,118
Total Provincial Government Grants	5,044,051	-	5,044,051	8,374,000	-	-	(2,772,470)	(8,118,337)	(41,179)	-	2,486,064
District Municipality											
Central Karoo District Municipality	400,000	-	400,000	1,395,929		-	-	(109,393)	1,213,851	182,078	290,607
Total District Municipality Grants	400,000	-	400,000	1,395,929	-	-	-	(109,393)	(1,213,851)	(182,078)	290,607
Other Grant Providers											
Services CETA	-	-	-	1,400,000		-	-	-	-	-	1,400,000
Total Other Grant Providers	-	-	-	1,400,000	-	-	-	-	-	-	1,400,000
Total Grants	5,789,813	-	5,789,813	104,268,929	(0)	-	(2,772,470)	(81,602,116)	(12,936,358)	(1,916,433)	10,831,364

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2021/2022							2020/2021	
	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
R thousands									
Financial Performance									
Property rates	44,681	0	44,681	45,484	–	804	1.8%	1.8%	41,977
Service charges	156,559	(6,584)	149,975	131,052	–	(18,923)	-12.6%	-16.3%	121,134
Investment revenue	7,279	268	7,547	8,413	–	866	11.5%	15.6%	10,708
Transfers recognised - operational	81,054	3,567	84,621	81,602	–	(3,019)	-3.6%	0.7%	89,882
Other own revenue	49,109	(8,759)	40,350	35,818	–	(4,532)	-11.2%	-27.1%	43,465
Total Revenue (excluding capital transfers and contributions)	338,682	(11,507)	327,174	302,369	–	(24,805)	7.6%	-10.7%	307,165
Employee costs	125,542	1,161	126,703	124,977	–	(1,726)	-1.4%	-0.4%	127,050
Remuneration of councillors	6,286	(101)	6,185	6,173	–	(13)	-0.2%	-1.8%	6,228
Depreciation & asset impairment	23,813	–	23,813	24,037	225	225	0.9%	0.9%	24,607
Finance charges	835	6,306	7,140	11,384	4,243	4,243	59.4%	1264.0%	11,370
Materials and bulk purchases	96,074	2,824	98,898	90,771	90,771	(8,127)	-8.2%	-5.5%	84,190
Transfers and grants	525	–	525	500	–	(25)	-4.8%	-4.8%	615
Other expenditure	85,439	(1,655)	83,784	68,931	–	(14,853)	-17.7%	-19.3%	107,966
Total Expenditure	338,514	8,534	347,048	326,773	14,275	(20,275)	-5.8%	-3.5%	362,027
Surplus/(Deficit)	168	(20,041)	(19,873)	(24,404)	–	(4,530)	22.8%	-14639.3%	(54,861)
Transfers recognised - capital	19,895	1,695	21,590	14,853	–	(6,737)	-31.2%	-25.3%	22,446
Contributions recognised - capital & contributed assets	–	–	–	794	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	20,063	(18,346)	1,717	(8,757)	–	(11,267)	-610.1%	-143.6%	(32,415)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	20,063	(18,346)	1,717	(8,757)	–	(11,267)	-610.1%	-143.6%	(32,415)
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - capital	19,895	1,695	21,590	14,853	–	(6,737)	-31.2%	-25.3%	22,446
Public contributions & donations	–	–	–	794	–	794	0.0%	0.0%	–
Borrowing	–	–	–	–	–	–	0.0%	0.0%	–
Internally generated funds	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Total sources of capital funds	19,895	1,695	21,590	–	–	(5,943)	-100.0%	-100.0%	22,446
Cash flows									
Net cash from (used) operating	37,698	(41,961)	(4,262)	41,694	–	45,957	-1078.2%	10.6%	31,857
Net cash from (used) investing	(23,465)	(656)	(24,121)	(15,527)	–	8,594	-35.6%	-33.8%	(25,699)
Net cash from (used) financing	(1,503)	(0)	(1,503)	(1,503)	–	0	0.0%	0.0%	(1,880)
Cash/cash equivalents at the year end	458	(42,617)	(29,886)	24,664	–	54,551	-182.5%	5281.4%	4,278

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2021/2022								2020/2021			
	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
Revenue - Standard												
<i>Governance and administration</i>	71,220	2,516	73,736	126,316		52,579	71.31%	73.83%				171,591
Executive and council	10,976	206	11,182	22,032		10,849	97.02%	98.84%				81,315
Finance and administration	60,244	2,210	62,454	104,284		41,830	66.98%	69.43%				90,277
Internal audit		100	100			(100)	-100.00%	#DIV/0!				-
<i>Community and public safety</i>	61,971	(9,130)	52,841	16,166		(36,675)	-69.41%	-58.18%				12,805
Community and social services	12,797	580	13,378	12,651		(726)	-5.43%	-5.68%				7,516
Sport and recreation	2,979	(995)	1,984	468		(1,515)	-76.39%	-50.88%				91
Public safety	45,915	(8,874)	37,041	2,797		(34,244)	-92.45%	-74.58%				4,960
Housing	280	158	438	249		(189)	-43.08%	-67.44%				238
<i>Economic and environmental services</i>	1,393	2,317	3,711	1,940		(1,771)	-47.72%	-127.07%				4,437
Planning and development	1,343	2,317	3,661	1,940		(1,721)	-47.00%	-128.07%				1,882
Road transport	50	-	50	-		(50)	-100.00%	-100.00%				2,555
<i>Trading services</i>	223,992	(5,516)	218,476	172,018		(46,458)	-21.26%	-20.74%				159,340
Energy sources	118,380	138	118,518	101,510		(17,008)	-14.35%	-14.37%				89,096
Water management	50,914	(5,004)	45,910	31,073		(14,837)	-32.32%	-29.14%				50,513
Waste water management	33,608	132	33,741	26,155		(7,585)	-22.48%	-22.57%				18,863
Waste management	21,090	(782)	20,308	13,280		(7,028)	-34.61%	-33.32%				869
<i>Other</i>	-	-	-	-		-	0.00%	0.00%				-
Total Revenue - Standard	358,576	(9,812)	348,764	316,440		(32,324)	-9.27%	-9.01%				348,173
Expenditure - Standard												
<i>Governance and administration</i>	88,150	6,505	94,655	116,968	-	22,313	23.6%	25.3%	-	-	-	184,945
Executive and council	15,374	(542)	14,833	13,261	-	(1,571)	-10.6%	-10.2%	-	-	-	21,834
Finance and administration	71,220	6,848	78,068	103,707	-	25,639	32.8%	36.0%	-	-	-	163,110
Internal audit	1,555	199	1,755	-	-	(1,755)	-100.0%	-112.8%	-	-	-	-
<i>Community and public safety</i>	56,976	(846)	56,130	35,785	-	(20,345)	-36.2%	-35.7%	-	-	-	38,968
Community and social services	11,898	361	12,259	15,334	-	3,075	25.1%	25.8%	-	-	-	7,571
Sport and recreation	8,998	(269)	8,729	1,711	-	(7,017)	-80.4%	-78.0%	-	-	-	7,038
Public safety	33,844	(1,139)	32,705	18,500	-	(14,205)	-43.4%	-42.0%	-	-	-	22,755
Housing	2,235	202	2,437	240	-	(2,197)	-90.2%	-98.3%	-	-	-	1,603
<i>Economic and environmental services</i>	22,859	2,743	25,602	15,970	-	(9,632)	-37.6%	-42.1%	-	-	-	25,020
Planning and development	7,899	2,091	9,990	5,241	-	(4,749)	-47.5%	-60.1%	-	-	-	14,598
Road transport	14,959	652	15,611	10,729	-	(4,882)	-31.3%	-32.6%	-	-	-	10,422
<i>Trading services</i>	170,530	132	170,662	157,977	-	(12,684)	-7.4%	-7.4%	-	-	-	131,655
Energy sources	104,671	(194)	104,477	91,010	-	(13,467)	-12.9%	-12.9%	-	-	-	89,101
Water management	34,230	1,065	35,296	35,235	-	(61)	-0.2%	-0.2%	-	-	-	23,476
Waste water management	17,598	(897)	16,701	13,633	-	(3,068)	-18.4%	-17.4%	-	-	-	5,498
Waste management	14,031	158	14,188	18,100	-	3,912	27.6%	27.9%	-	-	-	13,580
<i>Other</i>	-	-	-	-	-	-	#DIV/0!	#DIV/0!	-	-	-	-
Total Expenditure - Standard	338,514	8,534	347,048	326,701	-	(20,347)	-5.9%	-6.0%	-	-	-	380,588
Surplus/(Deficit) for the year	20,063	(18,346)	1,717	(10,260)	-	(11,977)	-697.7%	-59.7%	-	-	-	(32,415)

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Vote Description R thousand	2021/2022								2020/2021			
	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
Revenue by Vote												
Vote 1 - Municipal Manager	7,884	1,806	9,690	36,796		-	0.0%	0.0%				81,315
Vote 2 - Director: Corporate Service	10,418	881	11,299	2,386		-	0.0%	0.0%				561
Vote 3 - Director: Financial Services	49,207	2,210	51,417	93,942		-	0.0%	0.0%				72,893
Vote 4 - Director: Infrastructure	204,996	(3,917)	201,079	170,548		-	0.0%	0.0%				161,479
Vote 5 - Director: Community Services	86,071	(10,792)	75,279	14,834		-	-	-				12,860
Total Revenue by Vote	358,576	(9,812)	348,764	318,506		-	0.0%	0.0%				329,108
Expenditure by Vote to be appropriated												
Vote 1 - Municipal Manager	8,486	1,917	10,402	12,231	1,829	-	0.0%	0.0%	-	-	-	21,875
Vote 2 - Director: Corporate Service	33,163	1,133	34,296	31,645	-	-	0.0%	0.0%	-	-	-	590
Vote 3 - Director: Financial Services	35,279	8,437	43,717	66,295	-	-	0.0%	0.0%	-	-	-	50,123
Vote 4 - Director: Infrastructure	192,106	(78)	192,029	165,884	22,578	-	0.0%	0.0%	-	-	-	4,864
Vote 5 - Director: Community Services	69,480	(2,876)	66,604	52,712	-	-	0.0%	0.0%	-	-	-	93
Total Expenditure by Vote	338,514	8,534	347,048	328,767	24,407	-	0.0%	0.0%	-	-	-	77,545
Surplus/(Deficit) for the year	20,063	(18,346)	1,717	(10,260)		-	0.0%	0.0%				251,563

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2021/2022								2020/2021			
	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
Revenue By Source												
Property rates	44,681	0	44,681	45,484		804	1.8%	1.8%				41,977
Service charges - electricity revenue	96,329	0	96,329	81,943		(14,386)	-14.9%	-14.9%				70,637
Service charges - water revenue	30,024	(5,704)	24,319	23,336		(983)	-4.0%	-3.3%				23,738
Service charges - sanitation revenue	20,074	–	20,074	17,870		(2,205)	-11.0%	-11.0%				17,565
Service charges - refuse revenue	10,132	(880)	9,253	7,903		(1,349)	-14.6%	-13.3%				9,195
Rental of facilities and equipment	1,519	(0)	1,519	1,399		(121)	-7.9%	-7.9%				1,407
Interest earned - external investments	550	(200)	350	541		191	54.5%	34.7%				192
Interest earned - outstanding debtors	6,729	468	7,197	7,872		675	9.4%	10.0%				10,516
Fines, penalties and forfeits	45,002	(8,535)	36,467	30,584		(5,883)	-16.1%	-13.1%				34,550
Licences and permits	210	36,257	205	330		(36,137)	-99.1%	-17207.9%				134
Agency services	1,100	(895)	900	462		257	125.4%	23.4%				302
Transfers and subsidies	81,054	(80,154)	84,621	81,602		80,702	8966.9%	99.6%				89,882
Other revenue	1,278	83,343	1,259	3,534		(81,087)	-95.8%	-6343.9%				2,478
Gains	–	1,259	–	(491)		(1,750)	-139.0%	#DIV/0!				4,593
Total Revenue (excluding capital transfers and contributions)	338,682	23,701	327,174	302,369		(59,523)	-19.7%	-17.6%				307,165
Expenditure By Type												
Employee related costs	125,542	1,161	126,703	124,977	–	(1,726)	-1.4%	-1.4%	–	–	–	127,050
Remuneration of councillors	6,286	(101)	6,185	6,173	–	(13)	-0.2%	-0.2%	–	–	–	6,228
Debt impairment	28,919	0	28,919	26,232	–	(2,687)	-9.3%	-9.3%	–	–	–	59,970
Depreciation & asset impairment	23,813	–	23,813	24,037	225	225	0.9%	0.9%	–	–	–	24,607
Finance charges	835	6,306	7,140	11,384	4,243	4,243	59.4%	508.4%	–	–	–	11,370
Bulk purchases - electricity	75,703	997	76,700	86,429	9,729	9,729	12.7%	12.9%	–	–	–	79,178
Inventory consumed	20,371	1,827	22,198	4,342	–	(17,856)	-80.4%	-87.7%	–	–	–	5,012
Contracted services	22,882	(2,781)	20,101	14,275	–	(5,826)	-29.0%	-25.5%	–	–	–	26,592
Transfers and subsidies	525	–	525	500	–	(25)	-4.8%	-4.8%	–	–	–	615
Other expenditure	33,638	1,126	34,764	28,424	–	(6,340)	-18.2%	-18.8%	–	–	–	21,404
Losses	–	–	–	1,504	1,504	1,504	#DIV/0!	#DIV/0!	–	–	–	–
Total Expenditure	338,514	8,534	347,048	328,276	15,701	(18,772)	-5.4%	-5.5%	–	–	–	362,027
Surplus/(Deficit)	168	15,167	(19,873)	(25,907)		(6,034)	30.4%	-3594.9%				(54,861)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	19,895	1,695	21,590	14,853		(6,737)	-31.2%	-33.9%				22,446
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	794		794	#DIV/0!	#DIV/0!				–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after capital transfers & contributions	20,063	(18,346)	1,717	(10,260)		(11,977)	-697.7%	-59.7%				(32,415)
Taxation	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after taxation	20,063	(18,346)	1,717	(10,260)		(11,977)	-697.7%	-59.7%				(32,415)
Attributable to minorities	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) attributable to municipality	20,063	(18,346)	1,717	(10,260)		(11,977)	-697.7%	-59.7%				(32,415)
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) for the year	20,063	(18,346)	1,717	(10,260)		(11,977)	-697.7%	-59.7%				(32,415)

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Vote Description	2021/2022								2020/2021			
	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
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Municipal Manager		–		–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 2 - Director: Corporate Service	439	20	459	–	–	(459)	-100%	-105%	–	–	–	–
Vote 3 - Director: Financial Services		–		–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 4 - Director: Infrastructure Services	2,267	1,295	3,562	–	–	(3,562)	-100%	-157%	–	–	–	–
Vote 5 - Director: Community Services	2,060	(381)	1,679	–	–	(1,679)	-100%	-82%	–	–	–	–
Capital multi-year expenditure	4,765	934	5,699	–	–	(5,699)	#DIV/0!	#DIV/0!	–	–	–	–
Single-year expenditure												
Vote 1 - Municipal Manager		60	60	–	–	(60)	-100%	#DIV/0!	–	–	–	1,603
Vote 2 - Director: Corporate Service	20	614	634	30	–	(603)	-95%	-3016%	–	–	–	634
Vote 3 - Director: Financial Services	–	50	50	–	–	(50)	-100%	#DIV/0!	–	–	–	–
Vote 4 - Director: Infrastructure Services	10,899	5,022	15,921	10,247	–	(5,674)	-36%	-52%	–	–	–	18,664
Vote 5 - Director: Community Services	7,781	(324)	7,457	5,362	–	(2,095)	-28%	-27%	–	–	–	–
Capital single-year expenditure	18,700	5,421	24,121	15,640	–	(8,482)	#DIV/0!	#DIV/0!	–	–	–	20,901
Total Capital Expenditure - Vote	23,465	6,355	29,821	15,640	–	(14,181)	#DIV/0!	#DIV/0!	–	–	–	20,901
Capital Expenditure - Standard												
Governance and administration	459	110	569	5,391	4,880	4,823	848%	1052%	–	–	–	2,237
Executive and council	–	60	60	4,940	4,880	4,880	8134%	#DIV/0!	–	–	–	1,603
Finance and administration	459	50	509	451	–	(57)	-11%	-13%	–	–	–	634
Internal audit	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Community and public safety	9,841	(2,209)	7,632	–	–	(7,632)	-100%	-78%	–	–	–	–
Community and social services	9,841	(3,888)	5,953	–	–	(5,953)	-100%	-60%	–	–	–	–
Sport and recreation	–	1,679	1,679	–	–	(1,679)	-100%	#DIV/0!	–	–	–	–
Public safety	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Housing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Economic and environmental services	–	60	60	1	–	(59)	-98%	#DIV/0!	–	–	–	2,278
Planning and development	–	60	60	1	–	(59)	-98%	#DIV/0!	–	–	–	–
Road transport	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	2,278
Trading services	13,166	2,695	15,861	10,247	–	(5,614)	-35%	-43%	–	–	–	16,386
Energy sources	10,042	1,295	11,337	6,152	–	(5,185)	-46%	-52%	–	–	–	4,505
Water management	3,124	1,400	4,524	4,095	–	(429)	-9%	-14%	–	–	–	11,575
Waste water management	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	306
Waste management	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Total Capital Expenditure - Standard	23,465	656	24,121	15,640	4,880	(8,482)	-35%	-36%	–	–	–	20,901
Funded by:												
National Government	19,895	1,695	21,590	14,840	–	(6,749)	-31%	-34%	–	–	–	20,336
Provincial Government	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
District Municipality allocations) (National / Provincial	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Transfers recognised - capital	19,895	1,695	21,590	14,840	–	(6,749)	-31%	-34%	–	–	–	20,336
Public contributions & donations	–	–	–	794	–	794	#DIV/0!	#DIV/0!	–	–	–	–
Borrowing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Internally generated funds	3,570	(1,039)	2,531	5	–	(2,526)	-100%	-71%	–	–	–	565
Total Capital Funding	23,465	656	24,121	15,640	–	(8,482)	-35%	-36%	–	–	–	20,901

APPENDIX F - Unaudited
BEAUFORT WEST LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022
CASH FLOWS

Description	2021/22							2020/21
	Original Budget	Budget Adjustments (i.l.o. s28)	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
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	40,212	(4,068)	36,144	33,556	(2,588)	-7.2%	-16.6%	41,977
Service charges	145,346	(18,256)	127,091	106,962	(20,129)	-15.8%	-26.4%	62,942
Other revenue	24,509	(9,885)	14,624	16,850	2,225	15.2%	-31.3%	46,558
Transfers and Subsidies - Operational	81,054	1,140	82,194	83,151	957	1.2%	2.6%	82,554
Transfers and Subsidies - Capital	19,895	1,460	21,355	21,118	(237)	-1.1%	6.1%	22,446
Interest	7,279	(6,156)	1,123	8,413	7,290	649.4%	15.6%	3,253
Payments								
Suppliers and employees	(279,238)	110	(279,128)	(220,771)	58,357	-20.9%	-20.9%	(220,613)
Finance charges	(835)	(6,306)	(7,140)	(7,084)	57	-0.8%	748.7%	(7,291)
Transfers and Grants	(525)	-	(525)	(500)	25	-4.8%	-4.8%	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	37,698	(41,961)	(4,262)	41,694	-	-1078.2%	10.6%	31,827
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Payments								
Capital assets	(23,465)	(656)	(24,121)	(15,527)	8,594	-35.6%	-33.8%	(25,699)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(23,465)	(656)	(24,121)	(15,527)	-	-35.6%	-33.8%	(25,699)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Increase (decrease) in consumer deposits	-	-	-	-	-	#DIV/0!	#DIV/0!	-
Payments								
Repayment of borrowing	(1,503)	(0)	(1,503)	(1,503)	0	0.0%	0.0%	(1,880)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,503)	(0)	(1,503)	(1,503)	-	0.0%	0.0%	(1,880)
NET INCREASE/ (DECREASE) IN CASH HELD	12,731	-	(29,886)	24,664				4,278
Cash/cash equivalents at the year begin:	(5,723)	(2,555)	(8,279)	(8,279)				(12,556)
Cash/cash equivalents at the year end:	7,007	(45,172)	(38,165)	16,386	54,551	-142.9%	133.8%	(8,279)