

# **Beaufort West**

**MUNICIPALITY**



## **ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2023**

# 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 2023, which are set out on pages 1 to 106 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 Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

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 2024 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.



**D. Welgemoed**  
**Municipal Manager**

**30 November 2023**

# BEAUFORT WES LOCAL MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 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

*A.Sauls*

#### DEPUTY EXECUTIVE MAYOR

*L.V.Piti*

#### SPEAKER

*N.Constable*

#### EXECUTIVE COUNCILLOR

*CL.de Bruin*

*N.Abrahams*

#### MUNICIPAL MANAGER

*D.Welgemoed*

#### CHIEF FINANCIAL OFFICER

*Mr.M Nhlengethwa*

*(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)*

*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	AM.Slabbert
5	VL.Piti	Proportional	JJ.van der Linde
6	N.Abrahams	Proportional	A.Sauls
7	LBJ.Mdudumani	Proportional	T.Prince



**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023**

	Notes	2023 R	2022 Restated R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>465,707,296</b>	<b>434,400,512</b>
Property, Plant and Equipment	2	452,511,978	423,419,079
Investment Property	3	6,177,304	6,391,284
Intangible Assets	4	1,152,944	138,296
Heritage Assets	5	3,340,000	3,340,000
Non-Current Receivables from Exchange Transactions	6	2,029,753	850,237
Non-Current Receivables from Non-Exchange Transactions	7	495,318	261,616
<b>Current Assets</b>		<b>105,479,272</b>	<b>103,763,475</b>
Inventory	9	4,490,929	3,419,661
Receivables from Exchange Transactions	10	17,762,144	20,806,240
Receivables from Non-exchange Transactions	11	57,033,231	48,393,085
Operating Lease Asset	8	66,417	56,736
VAT receivable	21	10,112,464	12,297,089
Current Portion of Non-Current Receivables	6&7	1,154,295	2,404,783
Cash and Cash Equivalents	12.1	14,859,793	16,385,881
<b>Total Assets</b>		<b>571,186,568</b>	<b>538,163,986</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Non-Current Liabilities</b>		<b>50,605,434</b>	<b>50,536,550</b>
Long-term Borrowings	13	3,788,777	4,522,919
Non-current Provisions	14	16,512,347	14,659,321
Non-current Employee Benefits	15	30,304,310	31,354,310
<b>Current Liabilities</b>		<b>170,866,274</b>	<b>156,922,918</b>
Consumer Deposits	16	2,490,411	3,841,525
Current Employee Benefits	18	14,437,907	14,571,137
Trade and Other Payables from Exchange Transactions	19	148,230,617	126,919,725
Unspent Transfers and Subsidies	20	4,973,197	10,831,365
Current Portion of Long-term Borrowings	13	734,141	759,166
<b>Total Liabilities</b>		<b>221,471,708</b>	<b>207,459,468</b>
<b>Net Assets</b>		<b>349,714,860</b>	<b>330,704,518</b>
Housing Development Fund	22	3,789,518	3,789,518
Self Insurance Reserve	22	314,827	314,827
Accumulated Surplus		345,610,516	326,600,173
<b>Total Net Assets and Liabilities</b>		<b>571,186,568</b>	<b>538,163,986</b>



**BEAUFORT WES LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 R	2022 Restated R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>240,527,751</b>	<b>169,742,114</b>
<b>Taxation Revenue</b>		<b>45,596,846</b>	<b>40,235,240</b>
Property Rates	23	45,596,846	40,235,240
<b>Transfer Revenue</b>		<b>147,494,178</b>	<b>97,248,902</b>
Government Grants and Subsidies - Capital	24	52,732,178	14,852,792
Government Grants and Subsidies - Operating	24	91,796,737	81,602,115
Contributed Property, Plant and Equipment	25	2,965,264	793,995
<b>Other Revenue</b>		<b>47,436,727</b>	<b>32,257,972</b>
Fines, Penalties and Forfeits		44,668,173	30,509,289
Interest Earned - Non-exchange Transactions		2,587,362	1,628,231
Licences and Permits	26	181,192	120,452
<b>Revenue from Exchange Transactions</b>		<b>143,363,298</b>	<b>143,075,672</b>
Service Charges	27	127,430,969	130,708,883
Sales of Goods and Rendering of Services	28	809,533	660,477
Rental from Fixed Assets	29	1,382,476	1,352,766
Interest Earned - External Investments	30	2,121,363	540,859
Interest Earned - Exchange Transactions	31	7,852,336	6,243,807
Licences and Permits	26	-	209,854
Agency Services		1,179,795	462,007
Operational Revenue	32	2,586,825	2,897,019
<b>Total Revenue</b>		<b>383,891,049</b>	<b>312,817,786</b>
<b>EXPENDITURE</b>			
Employee related costs	33	122,440,789	124,977,211
Remuneration of Councillors	34	6,265,821	6,172,695
Bad Debts Written Off		17,866,012	164,298
Contracted Services	35	21,031,610	13,547,225
Depreciation and Amortisation	36	25,017,601	24,100,218
Finance Costs	37	11,467,866	11,700,687
Bulk Purchases	38	87,019,972	86,429,430
Inventory Consumed	9	4,725,794	4,354,489
Transfers and Subsidies	39	587,700	500,000
Operational Costs	40	33,926,458	23,683,109
<b>Total Expenditure</b>		<b>330,349,622</b>	<b>295,629,360</b>
<b>Operating Surplus/(Deficit) for the Year</b>		<b>53,541,427</b>	<b>17,188,426</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	9.2	171,435	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	41	(42,844,356)	(45,431,727)
Gains/(Loss) on Sale of Fixed Assets	42	-	(1,543,655)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	2	4,170,358	(336,906)
Actuarial gain/(loss)	15	3,966,436	(1,503,600)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>19,005,299</b>	<b>(31,627,462)</b>



# BEAUFORT WES LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Housing Development Fund R	Self Insurance Reserve R	Accumulated Surplus/ (Deficit) R	Total R
<b>Balance at 1 July 2021</b>	<b>3,789,518</b>	<b>314,827</b>	<b>335,179,221</b>	<b>339,283,566</b>
Correction of Error - note 43			23,048,414	23,048,414
<b>Restated balance 1 July 2021</b>	<b>3,789,518</b>	<b>314,827</b>	<b>358,227,635</b>	<b>362,331,980</b>
Net Surplus/(Deficit) previously reported	-	-	(10,260,336)	(10,260,336)
Correction of Error - note 43			(21,367,126)	(21,367,126)
Net Surplus/(Deficit) restated			(31,627,462)	(31,627,462)
<b>Restated balance 30 June 2022</b>	<b>3,789,518</b>	<b>314,827</b>	<b>326,600,173</b>	<b>330,704,518</b>
Net Surplus/(Deficit) for the year	-	-	19,005,299	19,005,299
<b>Balance at 30 June 2023</b>	<b>3,789,518</b>	<b>314,827</b>	<b>345,605,473</b>	<b>349,709,818</b>
	<b>Note 22</b>	<b>Note 22</b>	<b>Note 43</b>	



# BEAUFORT WES LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
	Notes	R	Restated R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Cash receipts from customers		159,900,344	179,759,726
Government grants		140,837,575	104,268,929
Interest		12,561,061	8,412,897
Cash payments			
Suppliers and Employees		(260,103,713)	(240,074,206)
Finance Charges		(6,089,511)	(7,400,702)
Transfers and Subsidies		(587,700)	(500,000)
Grants repaid		(2,166,828)	(2,772,470)
<b>Net Cash from Operating Activities</b>	<b>44</b>	<b>44,351,228</b>	<b>41,694,173</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(44,044,439)	(15,527,233)
Proceeds on Disposal of Fixed Assets		-	-
Purchase of Investment Properties		0.00	0.21
Purchase of Intangible Assets		(1,073,711)	(0)
Purchase of Heritage Assets		-	-
Decrease/(Increase) in Non-Current Debtors		-	-
Decrease/(Increase) in Other Non-Current Receivables		-	-
Decrease/(Increase) in Non-Current Investments		-	-
<b>Net Cash from Investing Activities</b>		<b>(45,118,150)</b>	<b>(15,527,233)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Short term Loans (new loans raised)		-	-
Repayment of borrowings		(759,166)	(1,502,533)
Borrowing - Long term/Refinancing		-	-
<b>Net Cash from Financing Activities</b>		<b>(759,166)</b>	<b>(1,502,533)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,526,088)</b>	<b>24,664,406</b>
Cash and Cash Equivalents at the beginning of the year		16,385,881	(8,278,526)
Cash and Cash Equivalents at the end of the year	<b>45</b>	<b>14,859,793</b>	<b>16,385,881</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,526,088)</b>	<b>24,664,407</b>



BEAUFORT WES LOCAL MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget R	Budget Adjustments (I.L.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Shifting of Funds (I.L.o. s31 of the MFMA) R	Virement (I.L.o. Council approved by- law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash		3,090,455	(16,488,641)	(13,398,186)	-	-	(13,398,186)	2,541,684	-119%	Due to financial constraints expenditure was capped to the minimum, resulting in less cash outflow than expected during the budget compilation.
	Cash and Cash Equivalents							14,859,793		
	Less: Call Investment Deposits							(12,318,108)		
Call Investment Deposits		530,000	12,276,756	12,806,756	-	-	12,806,756	12,318,108	-3.82%	
Consumer Debtors		21,596,617	(7,373,061)	14,223,556	-	-	14,223,556	16,848,076	18.45%	Huge amounts indigent consumers were written off during the year. This was not included in the budget compilation.
	Receivables from Exchange Transactions							17,762,144		
	Add: Receivables from Non-exchange Transactions: Rates							(914,067)		
Other Debtors		61,039,132	52,624,044	113,664,076			113,664,076	68,126,180	-40.06%	No provision for debt impairment on traffic fines was calculated during the previous financial year. Furthermore huge amounts indigent consumers were written off during the year. None of these items was considered during the budget compilation.
	Receivables from Non-Exchange Transactions							57,033,231		
	Less: Receivables from Non-exchange Transactions: Rates							914,067		
	Add: Operating lease asset							66,417		
	Add: Taxes							10,112,464		
	Add: Unpaid transfers and subsidies							-		
	Add: Finance lease asset							-		
Current Portion of long-term receivables		1,829,900	574,883	2,404,783	-	-	2,404,783	1,154,295	-52.00%	Huge amounts of indigent consumers were written off during the year. This was not included in the budget preparation process.
Inventory		3,388,961	34,808	3,423,769	-	-	3,423,769	4,490,929	31.17%	Due to financial constraints expenditure was limited, resulting in less inventory issued as expenditure
<b>Total Current Assets</b>		<b>91,475,065</b>	<b>41,649,689</b>	<b>133,124,754</b>	<b>-</b>	<b>-</b>	<b>133,124,754</b>	<b>105,479,272</b>	<b>-28.77%</b>	
<b>Non-Current Assets</b>										
Long-term Receivables		2,460,014	(1,348,161)	1,111,853	-	-	1,111,853	2,525,071	127.10%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts.
	Non-Current Receivables from Exchange Transactions							2,029,753		
	Non-Current Receivables from Non-Exchange Transactions							495,318		
Investments		-		630,391	-	-	630,391	-	-100.00%	The amount previously recognised as investments was included in the AFS as Cash and Cash Equivalents.
Investment Property		6,212,993	(35,690)	6,177,303	-	-	6,177,303	6,177,304	0.00%	
Property, Plant and Equipment		563,554,562	(114,329,936)	449,224,626	-	-	449,224,626	452,511,978	0.73%	The municipality received donated assets to the value of R2 965 264 that were not budgeted for. The building occupied by the Finance Department (value R1 885 000) was previously recognised as a Heritage Asset, but due to its usage it was transferred to PPE. The transfer was not included during the budget compilation.
Intangible	Intangible Assets	199,190	(170,573)	28,617	-	-	28,617	1,152,944	3928.88%	Programming bought for the monitoring of water levels was recognised in the budget as PPE, but is regarded as Intangible Assets in the actual results.
Other Non-Current Assets	Heritage assets	5,225,000	-	5,225,000	-	-	5,225,000	3,340,000	-36.08%	The building occupied by the Finance Department (value R1 885 000) was previously recognised as a Heritage Asset, but due to its usage it was transferred to PPE. The transfer was not included during the budget compilation.
<b>Total Non-Current Assets</b>		<b>577,651,759</b>	<b>(115,884,360)</b>	<b>462,397,790</b>	<b>-</b>	<b>-</b>	<b>462,397,790</b>	<b>465,707,296</b>	<b>0.72%</b>	
<b>TOTAL ASSETS</b>		<b>669,126,824</b>	<b>(74,234,671)</b>	<b>595,522,544</b>	<b>-</b>	<b>-</b>	<b>595,522,544</b>	<b>571,186,568</b>	<b>-4.09%</b>	
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Bank Overdraft	Cash and Cash Equivalents (Current Liability)	40,454,785	(40,454,785)	-	-	-	-	-	0.00%	
Borrowing		515,019	219,122	734,141	-	-	734,141	734,141	0.00%	
Consumer Deposits		3,849,739	(7,955)	3,841,784	-	-	3,841,784	2,490,411	-35.18%	Due to reclassification of old deposits (expired prescribed period) as own income not budgeted for
Trade and Other Payables		79,388,541	103,289,521	182,678,062	-	-	182,678,062	153,203,814	-16.13%	Due to financial constraints expenditure was limited, resulting in less creditors raised
	Trade and Other Payables from Exchange Transactions							148,230,617		
	Unspent Transfers and Subsidies							4,973,197		
	Transfer and subsidies payable							-		
	Taxes							-		
Provisions		16,585,841	(1,852,305)	14,733,536	-	-	14,733,536	14,437,907	-2.01%	
	Provisions (current liability)							-		
	Current Employee Benefits							14,437,907		
<b>Total Current Liabilities</b>		<b>140,793,925</b>	<b>61,193,598</b>	<b>201,987,523</b>	<b>-</b>	<b>-</b>	<b>201,987,523</b>	<b>170,866,274</b>	<b>-15.41%</b>	
<b>Non-Current Liabilities</b>										
Borrowing		1,818,136	1,971,509	3,789,645	-	-	3,789,645	3,788,777	-0.02%	Estimate of provision higher than expected due to
Provisions		41,948,074	3,516,072	45,464,146	-	-	45,464,146	46,816,657	2.97%	increase in discount rates
	Non-current Provisions							16,512,347		
	Non-current Employee Benefits							30,304,310		
<b>Total Non-Current Liabilities</b>		<b>43,766,210</b>	<b>5,487,581</b>	<b>49,253,791</b>	<b>-</b>	<b>-</b>	<b>49,253,791</b>	<b>50,605,434</b>	<b>2.74%</b>	
<b>TOTAL LIABILITIES</b>		<b>184,560,135</b>	<b>66,681,179</b>	<b>251,241,314</b>	<b>-</b>	<b>-</b>	<b>251,241,314</b>	<b>221,471,708</b>	<b>-11.85%</b>	
<b>NET ASSETS</b>										
Accumulated Surplus/(Deficit)		480,462,344	(140,285,459)	340,176,885	-	-	340,176,885	345,610,516	1.60%	Net effect of reasons above
Reserves		4,104,345	-	4,104,345	-	-	4,104,345	4,104,345	0.00%	
	Housing Development Fund							3,789,518		
	Self Insurance Reserve							314,827		
<b>TOTAL NET ASSETS</b>		<b>484,566,689</b>	<b>(140,285,459)</b>	<b>344,281,230</b>	<b>-</b>	<b>-</b>	<b>344,281,230</b>	<b>349,714,860</b>	<b>1.58%</b>	



AUDITOR - GENERAL  
SOUTH AFRICA  
30 November 2023

Auditing to build public confidence

**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget	Budget Adjustments (I.t.o. s28 and s31 of the R	Final Adjustment Budget R	Shifting of Funds (I.t.o. s31 of the MFMA) R	Virement (I.t.o. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
<b>REVENUE</b>										
Property Rates	Property Rates	47,808,163	-	47,808,163	-	-	47,808,163	45,596,846	-4.63%	An amount not levied during the previous year was incorrectly included in the budget of the current year, but was recognised in the prior year in the actual results.
Service Charges - Electricity Revenue	Service Charges	103,524,536	(1,462,684)	102,061,852	-	-	102,061,852	79,474,982	-22.13%	Loadshedding was the main contributor to the reduction of electricity sales.
Service Charges - Water Revenue	Service Charges	33,026,098	(8,396,418)	24,629,680	-	-	24,629,680	16,979,804	-31.06%	Unmetered consumption (issues with water meters/faulty meters)
Service Charges - Sanitation Revenue	Service Charges	22,981,543	(737,800)	21,343,943	-	-	21,343,943	20,478,249	-4.06%	
Service Charges - Refuse Revenue	Service Charges	11,145,742	1,156,548	12,302,290	-	-	12,302,290	10,497,935	-14.67%	Overbudget of refuse revenue
Rental of Facilities and Equipment	Rental from Fixed Assets	1,671,203	-	1,671,203	-	-	1,671,203	1,382,476	-17.28%	
Interest Earned - External Investments	Interest Earned - External Investments	385,000	1,245,000	1,630,000	-	-	1,630,000	2,121,363	30.14%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
Interest Earned - Outstanding Debtors	Interest Earned - Exchange Transactions	7,916,893	4,609,957	12,526,850	-	-	12,526,850	10,439,698	-16.66%	Huge amounts iro indigent debtors were written off during the year, resulting in less interest being levied on outstanding amounts.
	Interest Earned - Non-exchange Transactions							7,852,336		
								2,587,362		
Fines, penalties and forfeits	Fines, Penalties and Forfeits	49,522,551	-	49,522,551	-	-	49,522,551	44,668,173	-9.80%	The municipality did not appoint a service provider for traffic fines from the start of the financial year.
Licenses and Permits	Licences and Permits - non-exchange	225,500	240,160	465,660	-	-	465,660	181,192	-61.09%	
	Licences and Permits - exchange							181,192		
Agency Services	Agency Services	900,000	300,000	1,200,000	-	-	1,200,000	1,179,795	-1.68%	
Transfers and subsidies	Government Grants and Subsidies - Operating	89,311,650	5,827,453	95,239,103	-	-	95,239,103	91,796,737	-3.61%	Due to the capping of expenditure total grants were not spent, resulting in less revenue recognised.
Other Revenue	Operational Revenue	1,385,145	451,945	1,837,090	-	-	1,837,090	3,396,358	84.88%	Due to reclassification of old deposits (exceed prescribed period) as own income not budgeted for
	Sales of Goods and Rendering of Services							2,596,825		
								809,533		
Gains		-	-	-	-	-	-	171,435	100.00%	This is due to an increase in the net-realizable value of inventory values that was not anticipated during the compilation of the budget.
Inventories: (Write-down)/Reversal of Write-down to Actuarial gain/(loss)	Gains/(Loss) on Sale of Fixed Assets							171,435		
	Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value									
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>368,904,024</b>	<b>3,334,361</b>	<b>372,238,385</b>	<b>-</b>	<b>-</b>	<b>372,238,385</b>	<b>328,365,042</b>	<b>-11.79%</b>	
<b>EXPENDITURE</b>										
Employee Related Costs	Employee related costs	126,374,435	(552,128)	125,822,307	-	-	125,822,307	122,440,789	-2.69%	Due to financial constraints expenditure were capped to the minimum resulting in vacant positions not being filled.
Remuneration of Councillors	Remuneration of Councillors	6,537,616	(251,443)	6,286,173	-	-	6,286,173	6,265,821	-0.32%	
Debt Impairment	Reversal of Impairment Loss/(Impairment Loss) on Receivables	55,261,000	37,850,801	93,111,801	-	-	93,111,801	60,710,368	-34.80%	Huge amounts iro indigent debtors were written off, resulting in a reversal of impairment for certain services.
	Bad Debts Written Off							42,844,356		
Depreciation and Asset Impairment	Depreciation and Amortisation	24,985,826	-	24,985,826	-	-	24,985,826	17,896,012	-29.06%	Overbudgeting of depreciation
	Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets							20,847,243		
								25,017,601		
								(4,170,358)		
Finance Charges	Finance Costs	900,541	6,175,016	7,075,557	-	-	7,075,557	11,467,866	62.08%	The increase in finance charges are due to actuarial valuations and calculations on the rehabilitation of landfill sites that were not anticipated during the compilation of the budget.
Bulk Purchases - electricity	Bulk Purchases (Electricity only)	82,978,585	(914,002)	82,064,583	-	-	82,064,583	75,857,718	-7.56%	Due to loadshedding and the impact it had on electricity sales, less electricity had to be purchased.
Inventory consumed	Inventory Consumed	21,389,374	1,006,404	22,395,778	-	-	22,395,778	15,888,048	-29.06%	Due to financial constraints expenditure were capped to the minimum resulting in less inventory being recognised as expenditure.
	Bulk Purchases (Water only)							4,725,794		
								11,162,254		
Contracted Services	Contracted Services	19,610,777	(3,114,224)	16,496,553	-	-	16,496,553	21,031,610	27.49%	Significant expenditure for security services not budgeted for
Transfers and subsidies	Transfer and Subsidies	550,000	350,000	900,000	-	-	900,000	587,700	-34.70%	Due to financial constraints expenditure were capped to the minimum resulting in less grants paid by the municipality.
Other Expenditure	Operational Costs	25,043,000	8,058,118	33,101,118	-	-	33,101,118	33,926,458	2.49%	The main contributing item is internal charges for municipal services to an amount of R14 718 625, in terms of the Budget-Schedules prescribed in terms of the MBRR, this item is excluded from the Budget-Schedules.
Losses	Gains/(Loss) on Sale of Fixed Assets	-	-	-	-	-	-	(3,966,436)	0.00%	This is actuarial gains as calculated in the actuarial calculations on employee benefits that was not anticipated during the budget compilation.
	Actuarial gain/(loss)									
	Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value									
<b>Total Expenditure</b>		<b>363,631,154</b>	<b>48,608,542</b>	<b>412,239,696</b>	<b>-</b>	<b>-</b>	<b>412,239,696</b>	<b>365,057,185</b>	<b>-11.45%</b>	
<b>Surplus/(Deficit)</b>		<b>5,272,870</b>	<b>(45,274,181)</b>	<b>(40,001,311)</b>	<b>-</b>	<b>-</b>	<b>(40,001,311)</b>	<b>(36,692,142)</b>	<b>(0)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	Government Grants and Subsidies - Capital	54,024,350	1,234,957	55,259,307	-	-	55,259,307	52,732,178	-4.57%	Due to the capping of expenditure total grants were not spent, resulting in less revenue recognised.
Transfers and subsidies - capital (in-kind - all)	Contributed Property, Plant and Equipment	-	-	-	-	-	-	2,965,264	100.00%	The municipality received donated assets that were not anticipated during the compilation of the budget.
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>		<b>59,297,220</b>	<b>(44,039,224)</b>	<b>15,257,996</b>	<b>-</b>	<b>-</b>	<b>15,257,996</b>	<b>19,005,299</b>		
<b>Surplus/(Deficit) for the year</b>		<b>59,297,220</b>	<b>(44,039,224)</b>	<b>15,257,996</b>	<b>-</b>	<b>-</b>	<b>15,257,996</b>	<b>19,005,299</b>	<b>95.09%</b>	



**BEAUFORT WES LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023**

National Treasury Classification Format	GRAP Annual Financial Statement Classification Format	Original Budget R	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) R	Final Adjustment Budget R	Shifting of Funds (i.t.o. s31 of the MFMA) R	Virement (i.t.o. Council approved by-law) R	Final Budget R	Actual Outcome R	Variance as a % of final budget %	Explanations for material variances of R1m or 10%
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates	Cash receipts from customers	40,379,190	537,148	40,916,338	-	-	40,916,338	38,865,918	-5.01%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts, resulting in the collection rate on property rates being lower than anticipated.
Service Charges	Cash receipts from customers	149,742,389	(10,364,739)	139,377,650	-	-	139,377,650	115,720,405	-16.97%	Due to the current economic climate more consumers entered into payment arrangements on their outstanding accounts, resulting in the collection rate on property rates being lower than anticipated.
Other Revenue	Cash receipts from customers	27,328,035	(16,714,104)	10,613,931	-	-	10,613,931	5,314,022	-49.93%	A service provider for the administration of traffic fines was appointed at year-end only, resulting in the collection rate on traffic fines being much lower than anticipated.
Transfers and Subsidies - Operational	Government	89,311,650	2,877,300	92,188,950	-	-	92,188,950	90,994,728	-1.30%	Less grants received than anticipated during the budget compilation.
Transfers and Subsidies - Capital	Government	54,024,350	(4,379,426)	49,644,924	-	-	49,644,924	49,842,847	0.40%	
Interest	Interest	6,881,760	(5,251,760)	1,630,000	-	-	1,630,000	12,561,061	670.62%	Due to financial constraints the municipality capped expenditure to the minimum. This resulted in more cash available to be invested.
<b>Payments</b>										
Suppliers and Employees	Suppliers and Employees	(299,133,786)	7,860,266	(291,273,520)	-	-	(291,273,520)	(260,103,713)	-10.70%	Due to financial constraints expenditure was capped to the minimum, resulting in less cash outflow than anticipated.
Finance charges	Finance Charges	(900,541)	(6,175,016)	(7,075,557)	-	-	(7,075,557)	(6,089,511)	-13.94%	Interest paid on overdue accounts was R885 816 less than budgeted for.
Transfers and Grants	Transfers and Subsidies	(550,000)	(350,000)	(900,000)	-	-	(900,000)	(587,700)	-34.70%	Due to financial constraints expenditure were capped to the minimum resulting in less grants paid by the municipality.
	Grants repaid				-	-		(2,166,828)	100.00%	No provision was made in the budget for the repayment of grants.
<b>Net Cash from/(used) Operating Activities</b>		<b>67,083,047</b>	<b>(31,960,331)</b>	<b>35,122,716</b>	<b>-</b>	<b>-</b>	<b>35,122,716</b>	<b>44,351,228</b>	<b>26.28%</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Decrease (increase) in non-current receivables	Decrease/(Increase) in Other Non-Current Receivab	2	(2)	-	-	-	-	-	0.00%	
Decrease/(Increase) in Non-Current Investments	Decrease/(Increase) in Non-Current Investments	(11)	11	-	-	-	-	-	0.00%	
<b>Payments</b>										
Capital Assets	Purchase of Property, Plant and Equipment	(58,452,193)	7,740,855	(50,711,338)	-	-	(50,711,338)	(45,118,150)	-11.03%	Due to financial constraints expenditure was capped to the minimum.
	Purchase of Investment Property	(58,452,193)	7,740,855	(50,711,338)	-	-	(50,711,338)	(44,044,439)		
	Purchase of Intangible Assets				-	-		0		
					-	-		(1,073,711)		
<b>Net Cash from/(used) Investing Activities</b>		<b>(58,452,202)</b>	<b>7,740,864</b>	<b>(50,711,338)</b>	<b>-</b>	<b>-</b>	<b>(101,422,676)</b>	<b>(45,118,150)</b>	<b>-55.51%</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Increase/(Decrease) in Consumer Deposits	Cash receipts from customers	217,909	(217,909)	-	-	-	-	-	0.00%	
<b>Payments</b>										
Repayment of Borrowing	Repayment of borrowings	(758,299)	-	(758,299)	-	-	(758,299)	(759,166)	0.11%	
<b>Net Cash from/(used) Financing Activities</b>		<b>(540,390)</b>	<b>(217,909)</b>	<b>(758,299)</b>	<b>-</b>	<b>-</b>	<b>(758,299)</b>	<b>(759,166)</b>	<b>0.11%</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>										
Cash and Cash Equivalents at the year begin:		8,090,455	(24,437,376)	(16,346,921)	-	-	(67,058,259)	(1,526,088)	-97.72%	Net of reasons listed above
		5,000,000	11,385,882	16,385,882	-	-	16,385,882	16,385,881	0.00%	
Cash and Cash Equivalents at the year end:		<b>13,090,455</b>	<b>(13,051,494)</b>	<b>38,961</b>	<b>-</b>	<b>-</b>	<b>(50,672,377)</b>	<b>14,859,793</b>	<b>-129.33%</b>	



**AUDITOR - GENERAL**  
**SOUTH AFRICA**  
30 November 2023  
*Auditing to build public confidence*

## **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 2023**

**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. 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.

**1.7. 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.

The information is presented for budgets that are made publicly available.

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

The comparable information includes the following:

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

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

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Explanations for material differences between the final approved budget amounts and actual amounts are included in the Statement of Comparison between budget and actual amounts.

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.

**1.8. 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><b><u>Employee benefits</u></b></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>	1 April 2023
GRAP 103	<p><b><u>Heritage assets</u></b></p> <p>There are proposed amendments to the classification of mixed-use assets and the fair value accounting.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 104	<p><b><u>Financial Instruments</u></b></p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments.</p> <p>The Municipality might need to revise the categories of financial instruments and the impairment model. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	1 April 2025
GRAP 1: Materiality	<p><b><u>Presentation of Financial statements: Materiality</u></b></p> <p>The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p>	1 April 2023



**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

REFERENCE	TOPIC	EFFECTIVE DATE
	<p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p> <p>The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.</p>	
<b>GRAP 1: Going concern</b>	<p><b><u>Presentation of Financial statements: Going concern</u></b></p> <p>The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities.</p> <p>The update is to implement minor changes, to implement changes resulting from the Guideline on the application of Materiality.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
<b>Improvement to the Standards of GRAP</b>	<p><b><u>Improvement to the Standards of GRAP</u></b></p> <p>The improvements are to address concerns by prepares and updated wording of selected standards. The changes will improve the application of accounting policies and therefore not major changes expected.</p>	1 April 2023
<b>iGRAP 7</b>	<p><b><u>The limit on a defined benefit asset, minimum funding requirement and their interaction</u></b></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>	1 April 2023
<b>iGRAP 21</b>	<p><b><u>The Effect of Past Decisions on Materiality</u></b></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>	1 April 2023
<b>Guideline</b>	<p><b><u>Accounting for Landfill sites</u></b></p> <p>The municipality may have to revise their currently policy on the treatment of such transactions.</p>	1 April 2023
<b>Guideline</b>	<p><b><u>Application of Materiality of Financial Statements</u></b></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>	No effective date as only encouraged

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**1.9. 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. Interest earned on the investments backing up this fund must be recorded as part of interest earned in surplus or deficit for the year in the Statement of Financial Performance.

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.

**1.10. RESERVES**

**1.10.1. 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.

**1.11. LEASES**

**1.11.1. 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. Finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments (including any indirect costs). 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. If there is no reasonable certainty that the lessee will obtain

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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. 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.

**1.11.2. 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 (including indirect costs), 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.

**1.12. 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. The revenue received is driven from

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

legislation. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

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

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

### **1.13. 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.

### **1.14. 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.



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

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.

## **1.15. 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 (privately administered or public pension 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 are recognised as employee benefit expense when they are due.

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 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. Typically, defined benefit plans define an amount of pension benefit that an employee will

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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.

**(b) *Post-Retirement Health Care Benefit***

The Municipality provides post-retirement health care 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 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 annually by independent qualified actuaries.



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**(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.

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 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.

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.

**(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.

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**(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. The performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**1.16. PROPERTY, PLANT AND EQUIPMENT**

**1.16.1. Initial Recognition**

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

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

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

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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



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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 (including any transaction cost).

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.

**1.16.2. 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.

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.

**1.16.3. Depreciation and Impairment**

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

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**

Road network	9-102
Electricity network	12-67
Water network	9-105
Refuse network	18-29
Sanitation network	10-105

**Community**

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

**Other**

Buildings	14-104
Machinery & Equipment	3-44

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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 prospectively as a change in estimate.

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

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

**1.16.4. 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.

**1.16.5. 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.

**1.16.6. 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

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to settle the obligation, or a change in the discount rate, shall be accounted for as follows:

The related asset 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 1.19 of the policy

## **1.17. INTANGIBLE ASSETS**

### **1.17.1. Initial Recognition**

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

An asset meets the identifiability criteria 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.

### **1.17.2. Subsequent Measurement – Cost Model**

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

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**1.17.3. 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:

<b><u>Intangible Assets</u></b>	<b>Years</b>
Computer Software	2-4

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 prospectively as a change in accounting estimate.

**1.17.4. 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.

**1.17.5. 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.

**1.18. INVESTMENT PROPERTY**

**1.18.1. 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



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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);
- 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. (including transaction costs)

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 recognised in surplus and deficit.

For a transfer from inventory to investment property (operating lease), the difference between the carrying value and the fair value at the reporting date, shall be recognised in surplus and deficit.

**1.18.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses.



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**1.18.3. 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.

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

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 prospectively as a change in accounting estimate.

**1.18.4. 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.

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

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

**1.19.1. 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:



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(a) External sources of information

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

(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.

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.

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.

**1.19.2. 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 by:

- *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.

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

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. 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 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.

## **1.20. INVENTORIES**

### **1.20.1. 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.

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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.

**1.20.2. 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.

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.

**1.21. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables, cash and cash equivalents, borrowings, and payables from exchange transactions.

**1.21.1. 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.

**1.21.2. Subsequent Measurement**

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

**1.21.2.1. Receivables**

Receivables are classified as financial assets at amortised cost and are subsequently measured using the effective interest rate method. Receivables comprise non-current receivables, 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 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. 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.

**1.21.2.2. Payables and Borrowings**

Financial liabilities consist of trade and other payables and borrowings. They are categorised as financial liabilities held at amortised cost (initial carrying amount, less repayments, plus interest). They are subsequently measured using an effective interest rate.

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**1.21.2.3. Cash and Cash Equivalents**

Cash includes cash on hand and bank accounts. 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.

**1.21.2.4. Consumer deposits**

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

**1.21.3. De-recognition**

**1.21.3.1. 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.

**1.21.3.2. Financial Liabilities**

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

**1.21.4. 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.



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**1.22. 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.

**1.22.1. Initial Recognition and Measurement**

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

The Municipality initially measures the statutory receivables at their transaction amount.

**1.22.2. Subsequent Measurement**

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

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

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

The municipality considers the following as indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied)

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- 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.

**1.22.3. 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.

Any difference between consideration received and amounts derecognised is recognised in surplus and deficit.

**1.22.4. Transitional Provisions**

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



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**1.23. REVENUE**

**1.23.1. 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.

Government grant and subsidies 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 government grant and subsidy 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 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

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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.

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
- 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.

**1.23.2. 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 is initially measured at fair value (including any trade discounts and volume rebates)

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

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.

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 (waste management) 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.

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Service charges from sewerage (waste water management) 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 and operational revenue.

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.

#### **1.24. 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).
  - 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.

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- 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 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.

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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.

**1.25. 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.

**1.26. 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.

**1.27. 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.

**1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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



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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.

**1.29. 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 health care benefits, Long service awards and Ex gratia gratuities***

The cost of post-retirement health care benefits, 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 15 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. The assessment is done per individual debtor and grouped in the Statement of Financial Position.

***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

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on the history of recoverability of such receivables. (such as property rates) When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. (such as fines) 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.

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.
- Technical estimates of the practical useful lives for different infrastructure types, based on engineering technical knowledge of infrastructure types and services requirements. Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- 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 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.
- 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

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

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

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

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



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***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.

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

- 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 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.
- 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

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.

***Contingent Liabilities and Contingent Assets***

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

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***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 linked to government bond rate was used to calculate the effect of time value of money.

Provisions are discounted where the time value effect is material.

***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.

***Revenue Recognition***

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 2022. 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.

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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.

**1.30. VALUE ADDED TAX**

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.

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.

**1.31. 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.
- 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.

**1.32. 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:

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

- 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.

### **1.33 HERITAGE ASSETS**

#### **1.33.1 Initial Recognition**

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

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

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

#### **1.33.2 Subsequent Measurement – Cost Model**

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

#### **1.33.3 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.

#### **1.33.4 De-recognition**

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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.

**1.33.5 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.

**1.34 ACCOUNTING BY PRINCIPALS AND AGENTS**

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

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

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

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

**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.

**1.35 SEGMENT REPORTING**

A segment is an activity of an entity:

- that generates economic benefits or service potential;
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

**BEAUFORT WEST MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

- 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.

### **1.36 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.

### **1.37 BORROWING COST**

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

BEAUFORT WEST MUNICIPALITY  
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2.1 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2023

	Cost/Revaluation								Accumulated Impairment						Accumulated Depreciation						Carrying Value
	Opening Balance	Correction of Error	Restated Opening balance	Additions	Change in landfill site	Transfers	Disposals	Closing Balance	Opening Balance	Correction of Error	Restated Opening balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Restated Opening balance	Depreciation	Disposals	Closing Balance	
<b>Infrastructure</b>																					
Electricity Network	135,149,483.55	-	135,149,483.55	15,289,861.95	-	-	80,724.81	150,358,820.70	108,312.21	-	-	223,686.93	-	331,999.14	41,640,377.28	-	41,640,377.28	2,945,065.16	80,724.81	44,504,717.63	105,521,903.92
Refuse Network	694,384.16	-	694,384.16	-	-	-	-	694,384.16	-	-	-	-	-	-	244,416.01	-	244,416.01	-	-	267,687.38	426,696.78
Road Network	196,941,305.89	-	196,941,305.89	3,253,644.30	-	-	1,073,839.16	199,121,111.04	-	-	-	-	-	-	116,983,356.06	-	116,983,356.06	5,407,019.33	1,073,839.16	121,406,536.24	77,714,574.80
Sanitation Network	105,341,263.20	-	105,341,263.20	-	-	-	-	105,341,263.20	-	-	-	-	-	-	56,537,459.87	-	56,537,459.87	4,252,559.17	-	60,790,019.03	44,551,244.17
Water Network	119,537,694.70	-	119,537,694.70	24,749,035.28	-	-	458,698.16	143,828,031.83	-	-	-	-	-	-	52,350,727.40	-	52,350,727.40	4,036,455.88	458,698.16	55,928,485.13	87,899,546.70
Landfill Sites	9,734,226.93	-	9,734,226.93	-	-	-	-	9,734,226.93	-	-	-	-	-	-	9,734,226.93	-	9,734,226.93	0.00	-	9,734,226.93	0.00
	<b>567,398,358.45</b>	-	<b>567,398,358.45</b>	<b>43,292,541.53</b>	-	-	<b>1,613,262.12</b>	<b>609,077,637.86</b>	<b>108,312.21</b>	-	-	<b>223,686.93</b>	-	<b>331,999.14</b>	<b>277,490,563.55</b>	-	<b>277,490,563.55</b>	<b>16,784,370.91</b>	<b>1,613,262.12</b>	<b>292,631,672.34</b>	<b>316,113,966.38</b>
<b>Community Assets</b>																					
Cemeteries	7,427,060.02	-	7,427,060.02	-	-	-	-	7,427,060.02	-	-	-	-	-	-	187,275.87	-	187,275.87	330,030.62	-	517,306.49	6,909,753.53
Community centres	72,789,698.54	-	72,789,698.54	-	-	-	-	72,789,698.54	670,478.14	-	-	(670,478.22)	-	(0.08)	32,577,146.70	-	32,577,146.70	2,686,962.82	35,274,109.53	37,515,589.09	37,515,589.09
Libraries	1,138,236.08	-	1,138,236.08	-	-	-	-	1,138,236.08	21,470.39	-	-	(21,470.39)	-	-	269,109.93	-	269,109.93	29,818.98	-	298,928.91	839,307.17
Recreation sites	24,454,624.02	-	24,454,624.02	2,220,347.36	-	-	-	26,674,971.38	185,621.45	-	-	(185,621.45)	-	-	9,319,408.45	-	9,319,408.45	1,838,656.53	-	10,158,064.98	16,518,906.40
	<b>105,809,618.66</b>	-	<b>105,809,618.66</b>	<b>2,220,347.36</b>	-	-	-	<b>108,029,966.02</b>	<b>878,569.98</b>	-	-	<b>(878,570.06)</b>	-	<b>(0.08)</b>	<b>41,352,940.95</b>	-	<b>41,352,940.95</b>	<b>4,895,468.96</b>	-	<b>46,248,409.91</b>	<b>61,781,556.19</b>
<b>Land and Buildings</b>																					
Land	86,203,109.33	-	86,203,109.33	-	-	-	-	86,203,109.33	15,441,624.52	-	-	13,939,450.00	(3,815,474.52)	-	11,926,150.00	-	11,926,150.00	5,861,806.56	-	6,522,915.00	67,754,044.33
Buildings	68,540,975.00	-	68,540,975.00	-	-	-	-	68,540,975.00	13,939,450.00	-	-	13,939,450.00	(2,013,300.00)	-	11,926,150.00	-	11,926,150.00	5,861,806.56	-	6,522,915.00	56,614,825.00
	<b>17,662,134.33</b>	-	<b>17,662,134.33</b>	-	-	-	-	<b>17,662,134.33</b>	<b>1,502,174.52</b>	-	-	<b>(1,502,174.52)</b>	-	<b>0.00</b>	<b>5,861,806.56</b>	-	<b>5,861,806.56</b>	<b>661,108.44</b>	-	<b>6,522,915.00</b>	<b>11,139,219.33</b>
<b>Other Assets</b>																					
Machinery and Equipment	3,719,989.23	-	3,719,989.23	4,708.48	-	-	44,780.39	3,679,917.32	-	-	-	-	-	-	3,097,407.79	-	3,097,407.79	287,842.42	44,780.39	3,340,469.82	339,447.50
Furniture and Office Equipment	3,439,297.51	-	3,439,297.51	187,597.22	-	-	65,852.05	3,561,042.68	-	-	-	-	-	-	2,909,881.37	-	2,909,881.37	263,292.49	65,852.05	3,107,321.80	453,720.88
Computer Equipment	4,712,829.48	-	4,712,829.48	1,410,022.00	-	-	321,476.29	5,801,375.19	-	-	-	-	-	-	3,652,853.88	-	3,652,853.88	329,911.24	321,476.29	3,661,288.83	2,140,086.36
Transport Assets	9,658,641.35	-	9,658,641.35	2,351,881.81	-	-	1,790,559.03	10,410,064.13	-	-	-	-	-	-	6,825,285.10	-	6,825,285.10	1,456,108.84	1,799,559.03	6,481,834.91	3,929,129.22
	<b>21,530,757.57</b>	-	<b>21,530,757.57</b>	<b>4,154,209.51</b>	-	-	<b>2,231,667.76</b>	<b>23,453,299.32</b>	-	-	-	-	-	-	<b>16,485,428.15</b>	-	<b>16,485,428.15</b>	<b>2,337,154.98</b>	<b>2,231,667.76</b>	<b>16,590,915.37</b>	<b>6,862,383.96</b>
<b>Leases</b>																					
Leased office equipment	1,702,124.95	-	1,702,124.95	-	-	-	-	1,702,124.95	-	-	-	-	-	-	1,605,671.28	-	1,605,671.28	96,453.75	-	1,702,125.03	(0.08)
Leased office vehicle	(0.39)	-	(0.39)	-	-	-	-	(0.39)	-	-	-	-	-	-	(0.46)	-	(0.46)	-	-	(0.46)	0.08
	<b>1,702,124.56</b>	-	<b>1,702,124.56</b>	-	-	-	-	<b>1,702,124.56</b>	-	-	-	-	-	-	<b>1,605,670.82</b>	-	<b>1,605,670.82</b>	<b>96,453.75</b>	-	<b>1,702,124.56</b>	<b>0.00</b>
<b>Total</b>	<b>782,643,968.57</b>	-	<b>782,643,968.57</b>	<b>49,667,098.40</b>	-	-	<b>3,844,929.88</b>	<b>828,466,137.10</b>	<b>16,428,506.71</b>	-	-	<b>13,939,450.00</b>	<b>(4,170,357.65)</b>	-	<b>12,258,149.06</b>	-	<b>342,796,410.02</b>	<b>24,744,557.04</b>	<b>3,844,929.88</b>	<b>363,696,037.17</b>	<b>452,511,950.86</b>



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30 November 2023  
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2.2 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2022

	Cost/Revaluation								Accumulated Impairment						Accumulated Depreciation						Carrying
	Opening Balance	Correction of Error (note 43.1)	Restated Opening balance	Additions	Change in landfill site	Transfers	Disposals	Closing Balance	Opening Balance	Correction of Error (note 43.1)	Restated Opening balance	Additions	Reversal	Closing Balance	Opening Balance	Correction of Error (note 43.4)	Restated Opening balance	Depreciation	Disposals	Closing Balance	Value
<b>Infrastructure</b>																					
Electricity Network	129 422 130.77		129 422 130.77	6 152 313.30	-	-	424 960.52	135 149 483.55				261 924.34	153 612.13	108 312.21	39 212 675.65		39 212 675.65	2 799 434.36	371 732.74	41 640 377.28	93 400 794.07
Refuse Network	694 384.16		694 384.16	-	-	-	-	694 384.16						-	221 144.64		221 144.64	23 271.37		244 416.01	449 968.15
Road Network	196 941 305.89		196 941 305.89	-	-	-	-	196 941 305.89						-	111 739 524.25		111 739 524.25	5 243 831.82		116 983 356.06	79 957 949.83
Sanitation Network	105 341 263.20		105 341 263.20	-	-	-	-	105 341 263.20						-	52 284 900.70		52 284 900.70	4 252 559.17		56 537 459.87	48 803 803.34
Water Network	115 471 013.32		115 471 013.32	4 094 989.96	-	-	28 308.57	119 537 694.70						-	48 710 033.33		48 710 033.33	3 667 900.12	27 206.05	52 350 727.40	67 186 967.39
Landfill Sites	9 734 226.93		9 734 226.93	-	-	-	-	9 734 226.93						-	9 734 226.93		9 734 226.93			9 734 226.93	0.00
<b>Infrastructure</b>	<b>557 604 324.28</b>	<b>-</b>	<b>557 604 324.28</b>	<b>10 247 303.26</b>	<b>-</b>	<b>-</b>	<b>453 269.09</b>	<b>567 398 358.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261 924.34</b>	<b>153 612.13</b>	<b>108 312.21</b>	<b>261 902 505.50</b>	<b>-</b>	<b>261 902 505.50</b>	<b>15 986 996.84</b>	<b>398 938.79</b>	<b>277 490 563.55</b>	<b>289 799 482.69</b>
<b>Community Assets</b>																					
Cemeteries	2 486 636.96	-	2 486 636.96	4 940 423.06	-	-	-	7 427 060.02				-		-	2 383.79		2 383.79	184 892.08		187 275.87	7 239 784.15
Community centres	72 789 698.54	-	72 789 698.54	-	-	-	-	72 789 698.54						-	29 880 183.88		29 880 183.88	2 696 962.82		32 577 146.70	39 542 073.70
Libraries	1 136 236.08	-	1 136 236.08	-	-	-	-	1 136 236.08						-	239 290.96		239 290.96	29 818.88		269 109.93	847 655.76
Recreation sites	24 032 848.04	-	24 032 848.04	421 775.98	-	-	-	24 454 624.02						-	6 480 751.91		6 480 751.91	1 838 656.53		8 319 408.45	15 948 594.12
<b>Community Assets</b>	<b>100 447 419.62</b>	<b>-</b>	<b>100 447 419.62</b>	<b>5 362 199.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105 809 618.66</b>	<b>878 569.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>878 569.98</b>	<b>36 602 610.54</b>	<b>-</b>	<b>36 602 610.54</b>	<b>4 780 330.41</b>	<b>-</b>	<b>41 382 940.95</b>	<b>63 578 187.73</b>
<b>Other Assets</b>	<b>87 068 414.33</b>	<b>(965 305.00)</b>	<b>86 203 109.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86 203 109.33</b>	<b>16 648 274.52</b>	<b>(1 206 650.00)</b>	<b>13 939 459.00</b>	<b>-</b>	<b>-</b>	<b>15 441 624.52</b>	<b>5 012 198.12</b>	<b>188 500.00</b>	<b>5 200 698.12</b>	<b>661 108.44</b>	<b>-</b>	<b>5 861 806.56</b>	<b>64 899 678.25</b>
Land	71 291 280.00	(2 750 305.00)	68 540 975.00	-	-	-	-	68 540 975.00	15 146 100.00	(1 206 650.00)	13 939 450.00	-	-	13 939 450.00	5 012 198.12	188 500.00	5 200 698.12	661 108.44	-	5 861 806.56	54 601 525.00
Buildings	15 777 134.33	1 885 000.00	17 662 134.33	-	-	-	-	17 662 134.33	1 502 174.52	-	-	-	-	1 502 174.52	5 012 198.12	188 500.00	5 200 698.12	661 108.44	-	5 861 806.56	10 296 153.25
Machinery and Equipment	3 773 385.57	-	3 773 385.57	-	-	-	53 396.34	3 719 989.23	-	-	-	-	-	-	2 849 641.08		2 849 641.08	300 701.02	52 934.31	3 097 407.79	622 581.44
Furniture and Office Equipment	3 482 416.85	-	3 482 416.85	1 040.00	-	-	44 159.34	3 439 297.51	-	-	-	-	-	-	2 676 906.19		2 676 906.19	276 793.16	43 817.98	2 909 881.37	529 416.14
Computer Equipment	5 076 125.33	-	5 076 125.33	29 279.11	-	-	-	392 574.96	4 712 829.48	-	-	-	-	-	3 571 666.71		3 571 666.71	471 290.28	390 103.11	3 652 853.88	1 059 975.60
Transport Assets	10 612 805.41	-	10 612 805.41	-	-	-	-	954 164.36	9 658 641.35	-	-	-	-	-	7 175 856.84		7 175 856.84	461 711.50	812 283.23	6 805 285.10	2 833 356.25
<b>Other Assets</b>	<b>22 944 733.15</b>	<b>-</b>	<b>22 944 733.15</b>	<b>30 319.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 444 294.69</b>	<b>21 539 757.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16 274 070.83</b>	<b>-</b>	<b>16 274 070.83</b>	<b>1 510 495.95</b>	<b>1 299 138.63</b>	<b>16 485 428.15</b>	<b>5 045 329.43</b>
<b>Leases</b>																					
Leased office equipment	1 702 124.95	-	1 702 124.95	-	-	-	-	1 702 124.95	-	-	-	-	-	-	1 038 296.29		1 038 296.29	567 374.98		1 605 671.28	96 453.67
Leased office vehicles	1 021 303.92	-	1 021 303.92	-	-	-	1 021 304.31	(0.39)	-	-	-	-	-	-	701 125.71		291 071.04	992 197.21		(0.46)	0.09
<b>Leases</b>	<b>2 723 428.87</b>	<b>-</b>	<b>2 723 428.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 021 304.31</b>	<b>1 702 124.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 739 422.00</b>	<b>-</b>	<b>1 739 422.00</b>	<b>858 446.02</b>	<b>992 197.21</b>	<b>1 605 670.82</b>	<b>96 453.75</b>
<b>Total</b>	<b>778 788 320.26</b>	<b>(865 305.00)</b>	<b>789 923 015.26</b>	<b>15 639 821.41</b>	<b>-</b>	<b>-</b>	<b>2 918 868.09</b>	<b>782 643 968.57</b>	<b>17 526 844.50</b>	<b>(1 206 650.00)</b>	<b>13 939 459.00</b>	<b>261 924.34</b>	<b>153 612.13</b>	<b>16 428 506.71</b>	<b>321 530 806.99</b>	<b>188 500.00</b>	<b>321 719 306.99</b>	<b>23 787 377.65</b>	<b>2 690 274.62</b>	<b>342 796 410.02</b>	<b>423 419 051.84</b>



2.3	<b>Property, Plant and Equipment which is in the process of being constructed or developed:</b>		<b>2023</b>	<b>2022</b>
			R	R
	Infrastructure Assets		20,670,233	28,505,114
	Roads		4,076,613	6,977,452
	Electricity		16,591,620	21,527,663
	Water Supply		-	-
	Community Assets		3,711,174	1,490,826
	<b>Total Property, Plant and Equipment under construction</b>		<b>24,381,407</b>	<b>29,995,941</b>
The movements for the year can be reconciled as follows:			<b>2023</b>	<b>2022</b>
			R	R
	Balance at beginning of year		29,995,941	39,288,403
	Expenditure during the year		2,332,318	15,609,502
	Assets unbundled during the year		(7,946,853)	(24,901,965)
	Impairment recognised during the year		-	-
	<b>Balance at end of year</b>		<b>24,381,407</b>	<b>29,995,941</b>
2.4 <b>Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:</b>			<b>2023</b>	<b>2022</b>
			R	R
	Infrastructure Assets		-	-
	Roads		-	-
	Electricity		-	-
	Water Supply		-	-
	Community Assets		-	-
	Other Assets		-	-
	<b>Total</b>		<b>-</b>	<b>-</b>
2.6 <b>Property, Plant and Equipment where construction or development has been halted:</b>			<b>2023</b>	<b>2022</b>
			R	R
	Infrastructure Assets		6,977,452	18,641,851
	Roads		6,977,452	6,977,452
	Storm Water		-	-
	Electricity		-	11,664,399
	Water Supply		-	-
	Community Assets		-	-
	<b>Total</b>		<b>6,977,452</b>	<b>18,641,851</b>
The road project's are currently under investigation. The electricity project has been halted due to funding.				
2.8 <b>Expenditure incurred to repair and maintain Property, Plant and Equipment:</b>			<b>2023</b>	<b>2022</b>
			R	R
	Contracted Services		1,866,119	1,417,304
	<b>Total Repairs and Maintenance</b>		<b>1,866,119</b>	<b>1,417,304</b>
2.7 <b>Assets pledged as security:</b>				
Leased Property, Plant and Equipment of R0 (2022 R96 454) is secured for leases as set out in note 2				
No restrictions has been imposed on the title of Property, Plant and Equipment				
2.8 <b>Third party payments received for losses incurred:</b>			<b>2023</b>	<b>2022</b>
			R	R
	Payments received (Excluding VAT)		398,991	145,699
2.9 <b>Effect of changes in accounting estimates</b>			<b>2023</b>	<b>2022</b>
			R	R
	Effect on Property, plant and equipment		2,024	-
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				
2.10 <b>Contractual commitments for acquisition of Property, Plant and Equipment:</b>			<b>2023</b>	<b>2022</b>
			R	R
	Approved and contracted for:		1,733,653	9,706,108
	Infrastructure		1,733,653	9,706,108
	<b>Total</b>		<b>1,733,653</b>	<b>9,706,108</b>
This expenditure will be financed from:			<b>2023</b>	<b>2022</b>
			R	R
	Government Grants		1,733,653	9,706,108
	<b>Total</b>		<b>1,733,653</b>	<b>9,706,108</b>
2.11 <b>Impairment loss on Property, Plant and Equipment</b>			<b>2023</b>	<b>2022</b>
			R	R
	Impairment loss		(4,170,358)	336,906
The impairment loss for the 2021/2022 financial year relate to vandalised occurred on electricity infrastructure.				
	Balance previously reported			-
	Reclassification - note 43.2			490,518
	Correction of error - note 43.1			(153,612)
	<b>Restated balance</b>			<b>336,906</b>
2.12 <b>Reversal of Impairment losses of Property, Plant and Equipment</b>			<b>2023</b>	
			R	
Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:				
	Community Assets		876,570	
	Land		2,013,300	
	Other Assets		1,502,175	
	<b>Total Reversal of Impairment losses</b>		<b>4,394,045</b>	



3. INVESTMENT PROPERTY

3.1 Net Carrying amount at 1 July

Cost  
Accumulated Depreciation  
Accumulated Impairment Loss  
Transfers  
Additions  
Disposals - Cost  
Disposals - Accumulated depreciation  
Disposals - Accumulated impairment  
Depreciation for the year  
Net Carrying amount at 30 June  
Cost  
Accumulated Depreciation  
Accumulated Impairment Loss

2023 R	2022 R
6,391,284	6,605,265
11,075,824	11,075,824
(3,903,840)	(3,688,659)
(780,700)	(780,700)
-	-
-	-
-	-
-	-
-	-
(213,981)	(213,981)
6,177,304	6,391,284
11,075,824	11,075,824
(4,117,820)	(3,903,840)
(780,700)	(780,700)

3.2 Revenue from Investment Property

Revenue derived from the rental of Investment Property  
Various properties

2023 R	2022 R
1,386,605	(1,321,117)

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.

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.

Estimate Fair Value of Investment Property at 30 June

2023 R	2022 R
13,280,000	13,280,000

Fair value was determined by using the valuation roll of 1 July 2017. The fair value is disclosed as indicator if impairment is relevant.

4. INTANGIBLE ASSETS

Computer System & Software

4.1 Net Carrying amount at 1 July

Cost  
Accumulated Amortisation  
Accumulated Impairment Loss  
Additions  
Amortisation  
Cost - disposals  
Transfers  
Amortisation written back on disposal  
Impairment Loss/ Reversal of Impairment Loss  
Net Carrying amount at 30 June  
Cost  
Accumulated Amortisation  
Accumulated Impairment Loss

2023 R	2022 R
138,296	287,166
865,519	1,211,788
(727,222)	(894,632)
-	-
1,073,711	-
(59,063)	(118,659)
-	(346,269)
-	-
-	346,269
-	-
1,162,944	138,296
1,939,230	865,519
(786,285)	(727,222)
-	-

4.2 Material Intangible Assets included in the carrying value:

Description

Remaining Amortisation Period

Carrying Value

Water infrastructure software (SCADA)

1-4 years

1,107,823

No intangible asset were assessed 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

Net Carrying amount at 1 July

Cost  
Previously reported  
Less: Finance offices in daily use as office accommodation transferred to Property, Plant and Equipment  
Restated balance  
Accumulated Impairment Loss

2023 R	2022 R
3,340,000	3,340,000
3,340,000	3,340,000
-	5,225,000
-	(1,885,000)
-	3,340,000

Additions  
Disposals  
Transfers  
Impairment Loss/ Reversal of Impairment Loss

2023 R	2022 R
-	-
-	-
-	-
-	-

Net Carrying amount at 30 June

Cost  
Accumulated Impairment Loss

2023 R	2022 R
3,340,000	3,340,000
-	-

Heritage assets relates to historical buildings.

There are no restrictions on the title and disposal of Heritage Assets.

There are no contractual obligations to purchase, construct or develop Heritage Assets.

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.



AUDITOR - GENERAL  
SOUTH AFRICA

30 November 2023

Auditing to build public confidence

	2023 R	2022 R
<b>6. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivables with repay arrangements - At amortised cost (gross)	3,672,455	8,988,896
Less: Provision for Debt Impairment	(740,358)	(8,393,427)
<b>Net Non-current receivables from exchange</b>	<b>2,932,096</b>	<b>2,995,469</b>
Less: Current portion transferred to Receivables from Exchange Transactions - note 10	(902,343)	(1,745,232)
<b>Total Non-Current Receivables from Exchange Transactions</b>	<b>2,029,753</b>	<b>850,237</b>
<b>ARRANGEMENTS</b>		
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.		
<b>Reconciliation of provision for debt impairment</b>		
Balance at beginning of year	6,393,427	5,446,386
Contribution to provision	740,358	947,041
Reversal of provision	(5,653,068)	-
VAT on provision	-	-
	<b>1,480,717</b>	<b>6,393,427</b>
<b>7. NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Housing Selling Schemes - At amortised cost	484	215,733
Receivables with repay arrangements - At amortised cost	890,035	2,195,680
Less: Provision for Debt Impairment	(143,249)	(1,490,246)
<b>Net Non-current receivables from exchange</b>	<b>747,269</b>	<b>921,167</b>
Less: Current portion transferred to Receivables from Non-Exchange Transactions - note 11	(251,951)	(859,551)
<b>Total Non-Current Receivables from Non-Exchange Transactions</b>	<b>495,318</b>	<b>261,616</b>
<b>HOUSING SELLING SCHEME</b>		
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.		
<b>ARRANGEMENTS</b>		
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.		
<b>Reconciliation of provision for debt impairment</b>		
Balance at beginning of year	1,490,246	1,253,638
Contribution to provision	-	236,408
Reversal of provision	(1,346,997)	-
VAT on provision	-	-
	<b>143,249</b>	<b>1,490,246</b>
<b>8. OPERATING LEASE ARRANGEMENTS</b>		
<b>8.1 The Municipality as Lessor</b>		
<b>Operating Lease Asset (current)</b>	<b>66,417</b>	<b>56,736</b>
<b>Reconciliation</b>		
Balance at the beginning of the year	56,736	144,083
Movement during the year	9,681	(87,347)
<b>Balance at the end of the year</b>	<b>66,417</b>	<b>56,736</b>
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will pay operating lease income as follows:		
Up to 1 Year	643,998	343,630
1 to 5 Years	1,515,251	908,636
More than 5 Years	1,178,806	308,986
<b>Total Operating Lease Arrangements</b>	<b>3,338,055</b>	<b>1,561,253</b>
Beaufort West Municipality is leasing land to rate payers for periods of 2 to 99 years with various escalations per year.		
The leases are in respect of land being leased out for a period until 2030. The lease agreements do not include contingent rents.		



<b>9. INVENTORY</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Consumables and materials	4,279,609	3,379,776
Water	211,320	39,885
<b>Total Inventory</b>	<b>4,490,929</b>	<b>3,419,661</b>
The municipality recognised only purification costs in respect of non-purchased purified water inventory. No inventories were pledged as security for liabilities.		
<b>9.1 Inventories recognise as an expense during the year:</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Consumables and materials	295,833	983,277
Materials and Supplies	4,429,960	3,371,212
Water	-	-
<b>Total</b>	<b>4,725,794</b>	<b>4,354,489</b>
<b>9.2 Reversal of write down to Net realisable value</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Reversal of write down to Net realisable value. During the annual stock count at year-end adjustments were made to the net realisable value of inventory .	<b>171,435</b>	-
<b>10. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
<b>Service Receivables</b>		
Electricity	11,063,660	9,824,520
Water	29,171,481	33,270,808
Property Rentals	3,085,132	2,299,331
Waste Management	28,275,751	21,383,440
Waste Water Management	42,684,715	36,029,602
<b>Total Service Receivables</b>	<b>112,280,738</b>	<b>102,737,701</b>
Less: Provision for Debt Impairment	(95,504,057)	(81,782,377)
<b>Net Service Receivables</b>	<b>16,776,641</b>	<b>20,955,324</b>
Other Arrears	30,129,169	27,886,251
<b>Total: Other receivables from exchange transactions (before provision)</b>	<b>30,129,169</b>	<b>27,886,251</b>
<b>Less:</b> Provision for Debt Impairment	(29,143,667)	(28,035,335)
<b>Total: Other receivables from exchange transactions (after provision)</b>	<b>985,502</b>	<b>(149,085)</b>
<b>Total Net Receivables from Exchange Transactions</b>	<b>17,762,144</b>	<b>20,806,240</b>
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. No debtors were pledged as security.		
<b>Electricity: Ageing</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Current (0 - 30 days)	3,437,851	4,476,474
31 - 60 Days	551,249	568,890
61 - 90 Days	487,787	353,286
+ 90 Days	6,586,772	4,701,095
<b>Total</b>	<b>11,063,660</b>	<b>10,099,745</b>
<b>Water: Ageing</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Current (0 - 30 days)	2,670,193	6,383,967
31 - 60 Days	1,156,092	1,409,365
61 - 90 Days	1,280,814	1,149,121
+ 90 Days	24,064,381	24,419,416
<b>Total</b>	<b>29,171,481</b>	<b>33,341,870</b>
<b>Property Rentals: Ageing</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
Current (0 - 30 days)	108,019	115,323
31 - 60 Days	145,635	69,532
61 - 90 Days	79,976	57,389
+ 90 Days	2,751,503	2,062,900
<b>Total</b>	<b>3,085,132</b>	<b>2,305,144</b>



	2023 R	2022 R		
<b><u>Waste Management - Ageing</u></b>				
Current (0 - 30 days)	1,064,516	785,821		
31 - 60 Days	729,383	531,331		
61 - 90 Days	709,251	505,245		
+ 90 Days	23,772,601	19,529,216		
<b>Total</b>	<b>26,276,751</b>	<b>21,351,613</b>		
	2023 R	2022 R		
<b><u>Waste Water Management - Ageing</u></b>				
Current (0 - 30 days)	1,871,078	1,665,341		
31 - 60 Days	1,174,869	924,920		
61 - 90 Days	1,133,567	860,351		
+ 90 Days	38,505,201	32,577,544		
<b>Total</b>	<b>42,684,715</b>	<b>36,028,156</b>		
	2023 R	2022 R		
<b><u>Other - Ageing</u></b>				
Current (0 - 30 days)	79,627	29,932		
31 - 60 Days	15,668	170,950		
61 - 90 Days	16,147	160,257		
+ 90 Days	30,017,698	27,501,659		
<b>Total</b>	<b>30,128,169</b>	<b>27,862,798</b>		
	2023 R	2022 R		
<b><u>Total - Ageing</u></b>				
Current (0 - 30 days)	9,231,284	13,436,857		
31 - 60 Days	3,772,926	3,674,988		
61 - 90 Days	3,707,541	3,085,351		
+ 90 Days	125,698,155	110,791,830		
<b>Total</b>	<b>142,409,907</b>	<b>130,989,326</b>		
<b>Summary of Debtors by Customer Classification</b>				
	<b>Other</b>	<b>Residential</b>	<b>Industrial/ Commercial</b>	<b>National and Provincial Government</b>
<b>30 June 2023</b>				
Current (0 - 30 days)	115,691	7,375,057	1,765,438	689,116
31 - 60 Days	48,478	3,252,053	192,663	279,792
61 - 90 Days	67,809	3,199,200	148,818	291,715
+ 90 Days	1,867,205	109,366,133	4,670,863	9,079,937
Sub-total	2,099,183	123,192,443	6,777,721	10,340,560
Less: Provision for Debt Impairment	(1,788,049)	(118,324,903)	(4,535,712)	-
<b>Total debtors by customer classification</b>	<b>311,135</b>	<b>4,868,440</b>	<b>2,242,009</b>	<b>10,340,560</b>
<b>Summary of Debtors by Customer Classification</b>				
	<b>Other</b>	<b>Residential</b>	<b>Industrial/ Commercial</b>	<b>National and Provincial Government</b>
<b>30 June 2022</b>				
Current (0 - 30 days)	887,791	9,517,953	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	110,375,583	7,036,504	11,033,635
Less: Provision for Debt Impairment	(1,020,474)	(104,547,248)	(4,249,990)	-
<b>Total debtors by customer classification</b>	<b>1,157,756</b>	<b>5,828,335</b>	<b>2,786,515</b>	<b>11,033,635</b>
<b>Reconciliation of Provision for Debt Impairment</b>				
	2023 R	2022 R		
Balance at beginning of year	109,817,711	85,921,133		
Transfer from non-current portion	6,393,427	5,446,386		
Contribution to provision	9,234,115	24,843,619		
Reversal of provision	(57,132)	-		
VAT on provision	-	-		
Transfer to non-current portion	(740,358)	(6,393,427)		
Balance at end of year	<b>124,647,762</b>	<b>109,817,711</b>		
	2023 R	2022 R		
The total amount of this provision consist of:				
Electricity	6,867,741	4,788,517		
Water	23,714,007	25,321,103		
Refuse	23,828,256	19,401,837		
Sewerage	38,451,208	32,236,493		
Housing	2,642,884	34,426		
Other Arrears	29,143,667	28,035,335		
<b>Total Provision for Debt Impairment on Receivables from exchange transactions</b>	<b>124,647,763</b>	<b>109,817,712</b>		
	2023 R	2022 R		
<b><u>Ageing of amounts past due but not impaired:</u></b>				
1 month past due	-	-		
2+ months past due	8,530,860	10,161,424		
	<b>8,530,860</b>	<b>10,161,424</b>		
	2023 R	2022 R		
<b><u>Ageing of amounts past due and impaired:</u></b>				
1 month past due	-	-		
2+ months past due	124,647,763	-		
	<b>124,647,763</b>	<b>-</b>		

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. 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.



	2023 R	2022 R
<b>11. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Property Rates	38,559,451	32,961,168
Fines	297,910,583	260,515,285
Other Receivables	11,694,240	10,471,595
	<b>348,074,273</b>	<b>303,948,048</b>
<b>Less:</b> Provision for Debt Impairment	(261,041,043)	(255,554,963)
<b>Total Receivables from non-exchange transactions</b>	<b>87,033,231</b>	<b>48,393,085</b>
<b>Statutory receivables included in receivables from non-exchange transactions</b>		
Property rates	38,559,451	32,961,168
Other receivables - property rates	11,694,240	10,471,595
Fines	297,910,583	260,515,285
	<b>348,074,273</b>	<b>303,948,048</b>

**Financial assets included in receivables from non-exchange transactions**  
Other receivables

The fair value of other receivables approximate their carrying value.

Property Rates 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.

No debtors were pledged as security

	2023 R	2022 R
<b>Property Rates: Ageing</b>		
Current (0 - 30 days)	2,832,981	6,404,691
31 - 60 Days	1,275,156	991,004
61 - 90 Days	1,003,706	845,670
+ 90 Days	32,447,608	29,668,653
<b>Total</b>	<b>38,559,451</b>	<b>38,210,018</b>
<b>Other Receivables: Ageing</b>		
Current (0 - 30 days)	(698)	4,523
31 - 60 Days	1,042	32,186
61 - 90 Days	-	30,476
+ 90 Days	11,693,896	10,468,410
<b>Total</b>	<b>11,694,240</b>	<b>10,471,595</b>
<b>Fines Ageing</b>		
Current (0 - 30 days)	11,953,800	5,835,450
31 - 60 Days	9,673,750	6,424,100
61 - 90 Days	11,105,150	5,898,600
+ 90 Days	265,177,883	242,357,135
	<b>297,910,583</b>	<b>260,515,285</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2023</b>				
Current (0 - 30 days)	12,247,537	1,589,169	723,723	225,652
31 - 60 Days	9,801,306	727,205	162,619	238,817
61 - 90 Days	11,227,707	639,655	134,856	106,639
+ 90 Days	281,990,639	21,015,827	4,001,534	3,221,387
Sub-total	315,267,191	23,971,856	5,042,732	3,792,495
<b>Less:</b> Provision for Debt Impairment	(269,435,498)	(17,710,992)	(3,894,552)	-
<b>Total debtors by customer classification</b>	<b>45,831,693</b>	<b>6,260,863</b>	<b>1,148,180</b>	<b>3,792,495</b>

**Summary of Debtors by Customer Classification**

	Other	Residential	Industrial/ Commercial	National and Provincial Government
<b>30 June 2022</b>				
Current (0 - 30 days)	9,738,710	1,689,202	648,129	168,624
31 - 60 Days	6,525,907	681,466	167,757	92,110
61 - 90 Days	5,992,030	579,774	115,880	87,961
+ 90 Days	253,255,869	16,968,170	4,255,567	3,005,722
Sub-total	275,507,586	19,898,612	5,186,332	3,353,518
<b>Less:</b> Provision for Debt Impairment	(236,258,811)	(15,044,037)	(4,252,115)	-
<b>Total debtors by customer classification</b>	<b>39,248,775</b>	<b>4,854,575</b>	<b>936,217</b>	<b>3,353,518</b>





**Reconciliation of Provision for Debt Impairment**

Balance at beginning of year  
Transfer from non-current portion  
Contribution to provision  
VAT contributions to provision  
Reversal of provision  
Transfer to non-current portion  
Balance at end of year

2023	2022
R	R
255,554,963	232,898,137
1,490,246	1,253,638
33,610,241	22,023,040
528,842	670,194
-	-
(143,249)	(1,490,249)
<b>291,041,043</b>	<b>255,554,963</b>

The total amount of this provision consist of:

Property Rates  
Fines  
**Total Provision for Debt Impairment**

2023	2022
R	R
39,473,518	35,361,254
251,567,524	220,293,708
<b>291,041,043</b>	<b>255,554,963</b>

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

1 month past due  
2+ months past due

2023	2022
R	R
1,374,218	934,636
40,872,590	35,213,788
<b>42,247,149</b>	<b>36,148,421</b>

**Ageing of amounts past due and impaired**

1 month past due  
2+ months past due

2023	2022
R	R
9,575,730	6,512,655
281,465,313	249,042,307
<b>291,041,043</b>	<b>255,554,963</b>

The provision for doubtful debts on receivables exists due to the possibility that not all debts will be recovered. 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 receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of 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 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. CASH AND CASH EQUIVALENTS**

12.1

**Cash and Cash Equivalents**

Current Accounts  
Call Deposits and Investments  
Cash On-hand

**Total Cash and Cash Equivalents**

2023	2022
R	R
2,534,653	2,932,049
12,318,108	13,437,213
17,052	16,619
<b>14,859,793</b>	<b>16,385,881</b>

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

Call Investment Deposits to an amount of R12,318,108 (2022: R13,437,213) are held to fund Unspent Conditional Grants

An approved bank overdraft of R5 000 000 exists at Nedbank and the Municipality has a facility of R500 000 for Fleet Cards at Nedbank on 30 June 2023.

The municipality has the following bank accounts:

Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account);  
ABSA Bank -Account Number 409 410 6341

2023	2022
R	R
2,010,264	2,821,384
514,389	110,895
<b>2,524,653</b>	<b>2,932,049</b>

**Call Deposits and Investments**

Investec  
ABSA  
Standard Bank  
Nedbank

2023	2022
R	R
1,196,025	895,257
4,112,846	-
6,177,126	7,470,625
852,012	5,071,332
<b>12,318,110</b>	<b>13,437,214</b>

Details of current accounts are as follow:

**Beaufort West Nedbank - Account Number 10 7428 0318 (Primary Account):**

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

Bank statement balance at beginning of year Nedbank-Account Number 10 7428 0318  
Bank statement balance at end of year Nedbank-Account Number 10 7428 0318

2023	2022
R	R
2,821,384	(14,503,524)
2,010,264	2,821,384
<b>2,843,186</b>	<b>(14,503,524)</b>
1,866,046	2,843,186



**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 deposits and 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

**Netbank**  
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**

Annulity Loans - note 13.1  
Capitalised Lease Liability note 13.2

**Less:** Current Portion transferred to Current Liabilities  
Annulity Loans  
Capitalised Lease Liability

**Total Long-term Borrowings**

Annulity 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. No contingent rents are payable.

Capitalised lease liability at amortised cost is calculated at 10.25%-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. No contingent rents are payable.

**13.1 The obligations under annulity loans are scheduled below:**

Amounts payable under annulity loans:  
Payable within one year  
Payable within two to five years  
Payable after five years

**TOTAL**  
**Less:** Future finance obligations  
**Present value of annulity loans obligations**

**13.2 The obligations under capitalised lease liability 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 capitalised lease obligations**

2023	2022
R	R
110,665	52,428
514,389	110,065
625,054	162,493
241,925	77,540

2023	2022
R	R
895,257	40,521
1,196,025	895,257
895,257	40,521
1,196,025	895,257

2023	2022
R	R
4,112,946	1,133,272
-	-
4,112,946	1,133,272

2023	2022
R	R
7,470,625	4,838,902
6,177,126	7,470,625
7,470,625	4,838,902
6,177,126	7,470,625

2023	2022
R	R
5,071,332	144,035
832,012	5,071,332
5,071,332	144,035
832,012	5,071,332

2023	2022
R	R
4,522,921	5,194,005
-	(88,080)
4,522,921	5,282,085
(734,141)	(759,166)
(734,141)	(671,086)
-	(88,080)
3,788,779	4,522,919
3,788,779	4,522,919

2023	2022
R	R
Minimum annulity payments	
1,194,871	1,194,871
3,739,373	4,040,057
1,348,620	2,247,702
6,282,864	7,482,629
(1,759,943)	(2,288,621)
4,522,921	5,194,007

2023	2022
R	R
Minimum lease payments	
-	89,850
-	-
-	-
-	89,850
-	(1,770)
-	88,080



14. NON-CURRENT PROVISIONS		2023	2022
		R	R
	Provision for Rehabilitation of Landfill sites	16 512 347	14 659 321
	<b>Total Non-current Provisions</b>	<b>16 512 347</b>	<b>14 659 321</b>
14.1 Landfill Sites		2023	2022
		R	R
	Balance 1 July	14 659 321	14 216 167
	Increase due to re-measurement	244 671	(841 256)
	Unwinding of discounted interest	1 608 355	1 384 360
	Expenditure for the year	-	-
	<b>Total provision 30 June</b>	<b>16 512 346</b>	<b>14 659 321</b>
	<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 17	-	-
	<b>Balance 30 June</b>	<b>16 512 346</b>	<b>14 659 321</b>

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

	Beaufort West	Nelspoort	Murraysburg	Merweville
Licence type	G.C.B.	G.C.B.	G.C.B.	G.C.B.
Preliminary and General (Rand)	3 409 801	606 711	1 069 299	447 623
Site Clearance and Preparation (R2.95/m²)	66 295	9 074	18 282	7 382
Storm Water Control Measures (Rand)	2 256 084	1 115 762	1 348 683	701 190
Cascades (Rand)	16 503 543	2 299 159	4 583 092	1 859 815
Leachate Management (Rand)	-	-	-	-
Fencing (Rand)	701 362	395 834	452 187	246 464
	12 638	12 838	372 633	12 838
<b>Discount Rate used</b>			<b>2023</b>	<b>2022</b>
			%	%
Beaufort West			12.313%	11.60%
Merweville			12.265%	11.39%
Murraysburg			9.454%	9.23%
Nelspoort			12.314%	11.62%

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 (CPI) of the South African Reserve Bank of between 3% to 6%.

In terms of the licencing of the landfill-sites, the municipality will incur licencing and rehabilitation costs of R16 512 346 (2022 R14 659 321) 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 2022 to June 2023.

Other assumptions:

	Beaufort West	Nelspoort	Murraysburg	Merweville
Area (m²)	49 474	6 772	13 651	5 509
Environmental Authorisation (Closure Licence) (Rand)	441 773	441 773	441 773	441 773
Technical ROD (Rand)	223 900	223 900	223 900	223 900
Install Groundwater Monitoring Boreholes with lockable caps (includes drilling contractor site establishment) (Rand)	199 418	176 762	197 905	156 307
Landscape Architects (Rand)	147 300	146 515	148 060	148 075
Water use licence (Rand)	38 000	38 000	38 000	38 000
Topographical Survey (Rand)	17 387	7 500	7 500	7 500
Contingencies (Rand)	2 494 992	443 938	762 419	327 531
Engineering Professional Fees (Rand)	2 652 997	595 518	1 042 313	441 961
Site Supervision (Engineer's Representative) (Rand)	570 810	175 528	253 214	135 062
Site Supervision (Environmental Control Officer & OHS Agent) (Rand)	29 835	32 740	71 137	58 482

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

Location	Estimated decommission date	2023 R	2022 R
Beaufort West	2048	112 011 849	102 491 255
Murraysburg	2029	14 625 976	12 180 535
Nelspoort	2045	20 374 678	18 127 422
Merweville	2083	108 140 598	95 217 017
		<b>285 453 101</b>	<b>228 016 229</b>



15. NON-CURRENT EMPLOYEE BENEFITS

Post Retirement Benefits  
Long Service Awards  
Pension Murraysburg  
Total Non-current Employee Benefits

Post Retirement Health Care Benefits

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)  
Total provision 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

Pension Murraysburg

Balance 1 July  
Expenditure for the year  
Total provision 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

Long Service Awards

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)  
Total provision 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July  
Contribution for the year  
Expenditure for the year  
Actuarial Loss/(Gain)  
Total employee benefits 30 June  
Less: Transfer of Current Portion to Current Provisions - Note 18  
Balance 30 June

2023	2022
R	R
25,548,000	26,388,000
4,729,000	4,939,000
27,311	27,311
<u>30,304,311</u>	<u>31,354,311</u>
2023	2022
R	R
27,677,000	23,232,000
4,252,000	3,453,000
(1,329,313)	(1,235,874)
(3,570,687)	2,227,874
<u>27,099,000</u>	<u>27,677,000</u>
(1,461,000)	(1,289,000)
<u>25,548,000</u>	<u>26,388,000</u>
2023	2022
R	R
27,311	27,311
-	-
<u>27,311</u>	<u>27,311</u>
-	-
<u>27,311</u>	<u>27,311</u>
2023	2022
R	R
5,670,000	5,922,000
1,068,000	675,000
(733,251)	(402,728)
(395,749)	(724,274)
<u>5,609,000</u>	<u>5,670,000</u>
(860,000)	(731,000)
<u>4,729,000</u>	<u>4,939,000</u>
33,374,311	29,181,311
5,360,000	4,528,000
(2,062,564)	(1,638,600)
(3,966,436)	1,903,600
<u>32,645,311</u>	<u>33,374,311</u>
(2,341,000)	(2,020,000)
<u>30,304,311</u>	<u>31,354,311</u>



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	56
In-service (employee) non-members	311
Continuation members (e.g. Retirees, widows, orphans)	33
<b>Total Members</b>	<b>400</b>

2023	2022
R	R
56	59
311	331
33	31
<b>400</b>	<b>421</b>

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

In-service members	7,671,000
In-service non-members	3,846,000
Continuation members (e.g. Retirees, widows, orphans)	15,492,000
<b>Total Liability</b>	<b>27,009,000</b>

2023	2022
R	R
7,671,000	8,782,000
3,846,000	4,025,000
15,492,000	14,870,000
<b>27,009,000</b>	<b>27,677,000</b>

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

	2021	2020	2019
	R	R	R
In-service members	7,833,000	6,533,000	6,819,796
In-service non-members	5,046,000	4,534,000	4,959,847
Continuation members	10,353,000	14,901,000	15,391,170
<b>Total Liability</b>	<b>23,232,000</b>	<b>25,968,000</b>	<b>27,170,813</b>

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 R964 000 and the Interest Cost for the next year is estimated to be R3 227 000.

Key actuarial assumptions used:

	2023	2022
	%	%
<b>ii) Rate of interest</b>		
Discount rate	12.27%	11.77%
CPI	6.38%	6.90%
Health Care Cost Inflation Rate	7.86%	8.40%
Net Effective Discount Rate	4.07%	3.11%
<b>iii) Mortality during employment</b>		
SABS-90 table, adjusted for female lives.		
<b>iii) Mortality rates post employment</b>		
The PA 90-1 with 1% mortality improvement from p.a from 2010		
<b>iv) Normal retirement age</b>		
The normal retirement age is 65 for males and 60 for females.		
<b>v) Average retirement age</b>		
It has been assumed that in-service members will retire at age 62 for males and 59 for females, which then implicitly allows for expected rates of early and ill-health retirement.		
<b>vii) Continuation of membership</b>		
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		
<b>viii) Proportion with a spouse dependant at retirement</b>		
It has been assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependant on their medical aid.		
<b>ix) Withdrawal from Service</b>		
<b>Valuation: 30 June 2023</b>		
Age	Rate	
20-24	0%	
25-29	8%	
30-34	6%	
35-39	5%	
40-44	5%	
45-49	4%	
50-54	3%	
55+	0%	



	2023 R	2022 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	27,009,000	27,677,000
<b>Net liability(asset)</b>	<b>27,009,000</b>	<b>27,677,000</b>
	<b>2023 R</b>	<b>2022 R</b>
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	27,677,000	23,232,000
Total expenses	2,902,687	2,217,126
Current service cost	1,048,000	962,000
Interest Cost	3,184,000	2,471,000
Benefits Paid	(1,329,313)	(1,235,874)
Actuarial (gains)/losses	(3,570,687)	2,227,874
<b>Present value of fund obligation at the end of the year</b>	<b>27,009,000</b>	<b>27,677,000</b>
Less: Transfer of Current Portion - Note 18	(1,481,000)	(1,289,000)
<b>Balance 30 June</b>	<b>25,548,000</b>	<b>26,388,000</b>

Sensitivity Analysis on the Accrued Liability on 30 June 2023

	Total liability (Rm)
Assumption	
Central Assumptions	27,009,000
The effect of movements in the assumptions are as follows:	
Change	Total liability (Rm)
Assumption	
Health care inflation	1% 30,521,000
Health care inflation	-1% 24,081,000
Discount rate	1% 24,210,000
Discount rate	-1% 30,403,000
Post-retirement mortality	1 year 26,242,000
Post-retirement mortality	(1 year) 27,789,000
Average retirement age	-1 year 28,191,000
Continuation of membership at retirement	-10% 25,516,000

Sensitivity Analysis on Current Service and Interest Cost for the year ending 30 June 2024

Change	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	964,000	3,227,000	4,191,000
Health care inflation	1,156,000	3,658,000	4,814,000
Health care inflation	-1% 810,000	2,868,000	3,678,000
Discount rate	825,000	3,119,000	3,944,000
Discount rate	-1% 1,140,000	3,346,000	4,486,000
Post-retirement mortality	1 year 943,000	3,133,000	4,076,000
Post-retirement mortality	(1 year) 986,000	3,320,000	4,306,000
Average retirement age	(1 year) 986,000	3,372,000	4,358,000
Continuation of membership at retirement	-10% 840,000	3,044,000	3,884,000

Experience adjustments were calculated as follows:

	2023 R	2022 R
Liabilities: (Gain) / loss	(40,000)	4,259,000
Assets: Gain / (loss)	-	-

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

	2021 R	2020 R	2019 R
Liabilities: (Gain) / loss	(5,883,000)	669,000	353,000
Assets: Gain / (loss)	-	-	-



15.2 Provision for Long Service Awards

A long-service award is awarded to employees who achieve certain pre-determined milestones of service within the Municipality. The award is based on the number of years in service. As at year end the following number of employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R455 000 whereas the Interest Cost for the next year is estimated to be R580 000.

Key actuarial assumptions used:

	2023 R	2022 R
i) <b>Rate of interest</b>		
Discount rate	11.20%	11.03%
General Salary Inflation	6.52%	7.33%
CPI	5.53%	6.33%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	4.39%	3.45%

ii) **Mortality during employment**

SABS-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 2023	Age	Rate
	20-24	9%
	25-29	8%
	30-34	6%
	35-39	5%
	40-44	5%
	45-49	4%
	50-54	3%
	55+	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:

	2023 R	2022 R
Present value of fund obligations	5,609,000	5,670,000
<b>Net liability(asset)</b>	<b>5,609,000</b>	<b>5,670,000</b>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	5,670,000	5,922,000
Total expenses	334,749	472,274
Current service cost	482,000	472,000
Interest Cost	586,000	403,000
Benefits Paid	(733,251)	(402,726)
Actuarial (gains)/losses	(395,749)	(724,274)
Present value of fund obligation at the end of the year	<b>5,609,000</b>	<b>5,670,000</b>
Less: Transfer of Current Portion - Note 18	(880,000)	(731,000)
<b>Balance 30 June</b>	<b>4,729,000</b>	<b>4,939,000</b>

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

	2021 R	2020 R	2019 R
Present value of fund obligations	5,419,000	5,731,000	5,207,000

Sensitivity Analysis on the Accrued Liability on 30 June 2023

Assumption	Change	Liability
Central assumptions		5,609,000
General earnings inflation	1%	5,916,000
General earnings inflation	-1%	5,309,000
Discount rate	1%	5,324,000
Discount rate	-1%	5,927,000
Average retirement age	2 year	6,651,000
Average retirement age	(2 year)	4,616,000
Withdrawal rates	x2	4,670,000
Withdrawal rates	x0.5	6,243,000



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Sensitivity Analysis on Current Service and Interest Cost for the year ending 30 June 2024

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	
Central Assumptions		455,000	580,000	1,035,000	
General earnings inflation	1%	488,000	615,000	1,103,000	
General earnings inflation	-1%	425,000	545,000	974,000	
Discount rate	1%	429,000	597,000	1,026,000	
Discount rate	-1%	484,000	561,000	1,045,000	
Average retirement age	2 year	521,000	692,000	1,213,000	
Average retirement age	(2 year)	399,000	492,000	891,000	
Withdrawal Rate	x2	346,000	475,000	821,000	
Withdrawal Rate	x0.5	533,000	651,000	1,184,000	
				<b>2023</b>	<b>2022</b>
				<b>R</b>	<b>R</b>
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss				(93,749)	-129,274
Assets: Gain / (loss)				-	-
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
		<b>2021</b>	<b>2020</b>		<b>2019</b>
		<b>R</b>	<b>R</b>		<b>R</b>
Liabilities: (Gain) / loss		-	-	-	-
Assets: Gain / (loss)		-645,000	875,445	267,841	

16.3 Multi-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. The only obligation of the municipality in terms of the plans is to make specified contributions.

**CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT 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 2022 revealed that the fund is in a sound financial position with a funding level of 100.4% (30 June 2021 - 100.5%).

Contributions paid recognised in the Statement of Financial Performance

**11,881,261** **12,156,354**

**LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2022 revealed that the fund is in a sound financial position with a funding level of 100.4% (30 June 2021 - 100.5%).

Contributions paid recognised in the Statement of Financial Performance

**58,807** **89,586**

**SALA PENSION FUND**

The contribution rate payable is 8.60% by members and 20.78% by Council. The most recent valuation was done on 30 April 2022. The market value of the fund as at 30 April 2022 was R12 810 632 303 (30 April 2021: R13 035 888 096).

Contributions paid recognised in the Statement of Financial Performance

**869,620** **909,390**

**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

**565,997** **569,893**



16. CONSUMER DEPOSITS

Electricity
Rental Properties
Water
Building Plans
Posters
Refuse
<b>Total Consumer Deposits</b>

2023	2022
R	R
1,852,709	1,882,695
105,185	127,687
328,039	318,035
631	
357	1,429,516
293,490	85,393
<b>2,490,411</b>	<b>3,841,625</b>

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

For guarantees held in lieu of electricity and water deposits refer to note 52.

17. PROVISIONS

Current Portion of Rehabilitation of Landfill Sites - Note 14
<b>Total Provisions</b>

2023	2022
R	R
-	-
-	-

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
<b>Total Provisions</b>

The movement in current provisions are reconciled as follows:

2023	2022
R	R
103,190	200,368
3,481,400	3,494,268
8,552,319	8,856,501
2,341,000	2,020,000
1,481,000	1,289,000
880,000	731,000
<b>14,437,908</b>	<b>14,571,137</b>

18.1 Performance Bonuses

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

2023	2022
200,368	394,028
3,008	-
(100,183)	(193,660)
<b>103,190</b>	<b>200,368</b>

Performance bonuses are being paid to permanent 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

2023	2022
R	R
3,494,268	3,465,368
6,095,663	6,259,377
(6,128,531)	(6,230,478)
<b>3,461,400</b>	<b>3,494,268</b>

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

18.3 Staff Leave

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

2023	2022
R	R
8,856,501	9,301,529
554,968	815,054
(879,151)	(1,260,062)
<b>8,532,319</b>	<b>8,856,501</b>

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



	2023 R	2022 R
<b>19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Receivable accounts with credit balances	6 980 651	5 250 798
Retentions	2 496 054	259 806
Sundry creditors	574 999	625 327
Trade Payables	138 158 914	120 783 194
<b>Total Trade Payables</b>	<b>148 230 617</b>	<b>126 919 725</b>
Payables are being recognised net of any discounts.		
The required payment period per MFMA is 30 days. Due to financial difficulties experienced by the municipality all payables are not paid within 30 days. 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.		
<b>20. UNSPENT TRANSFERS AND SUBSIDIES</b>		
Unspent Transfers and Subsidies	4 973 197	10 831 365
National Government Grants	3 309 454	6 654 693
Provincial Government Grants	467 399	2 486 065
District Municipality	75 366	290 007
Other Grant Providers	1 120 378	1 400 000
<b>Total Unspent Transfers and Subsidies</b>	<b>4 973 197</b>	<b>10 831 365</b>
Amount available in short term investment deposits - note 12		
	12 318 108	13 437 213
<b>Available Cash for Unspent Conditional Grants and Receipts</b>	<b>12 318 108</b>	<b>13 437 213</b>
See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.		
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
<b>21. VAT RECEIVABLE(PAYABLE)</b>		
	2023 R	2022 R
<b>21.1 Net VAT Receivable(Payable)</b>	<b>10,112,464</b>	<b>12,297,089</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		



22.	NET ASSET RESERVES		2023 R	2022 R
	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 (2022: R4 393) and is invested together with the other investments of the municipality (See Note 12)			
23.	PROPERTY RATES		2023 R	2022 R
	Valuations – 1 July 2022			
	Rateable Land and Buildings		5,055,089,500	5,058,400,500
	Business and Commercial Property		369,823,500	373,193,500
	Farm Properties		2,874,998,500	2,874,998,500
	Municipal Properties		137,430,000	144,461,000
	Public Service Infrastructure Properties		2,306,000	2,306,000
	Residential Properties		1,250,421,500	1,238,221,500
	State-owned Properties		181,593,000	185,398,000
	Vacant		45,607,000	45,836,000
	Other Categories		192,910,000	193,966,000
	Total Property Rates		5,055,089,500	5,058,400,500
	Actual		2023 R	2022 R
	Rateable Land and Buildings		62,297,109	57,150,691
	Business and Commercial Property		11,104,415	10,779,573
	Farm Properties		15,167,005	14,469,876
	National Monument Properties		175,149	1,755,272
	Residential Properties		29,672,873	24,115,410
	State-owned Properties		5,197,527	4,986,604
	Vacant Land		960,140	1,043,956
	Less: Revenue Foregone		(16,700,264)	(16,910,308)
	Total Assessment Rates		45,596,846	40,240,383
	Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.			
	Basic Rate			
	Residential		0.021099c/R	0.020066c/R
	Business and Industrial		0.029497c/R	0.028092c/R
	Agricultural		0.005267c/R	0.005017c/R
	Public Service Infrastructure Properties (PSI)		0.029497c/R	0.028092c/R
	State-owned		0.029497c/R	0.028092c/R
	National Monuments		0.029497c/R	0.028092c/R
	Vacant land		0.025283c/R	0.024079c/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 granted as below:			
	Residential	The first R19 000 on the valuation is exempted.		
	National Monuments	10% rebate based on application and complying specific conditions		
	Agricultural	70% rebate based on application and complying specific conditions		
	Pensioners	Additional rebates based on application and complying specific conditions, for property market value below R750 000:		
	School	20% rebate in respect of public or independent school		
	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

Government Grants and Subsidies - Operating

Equitable Share	
Expanded Public Works Programme Integrated Grant (EPWP)	
Local Government Financial Management Grant (FMG)	
Provincial Treasury : Financial Management Support Grant	
Department of Local Government : Local Government Public Employment Support Grant	
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	
Municipal Infrastructure Grant (MIG)	
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	
Human Settlements : Municipal Accreditation and Capacity Building Grant	
Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	
Department of Local Government : Municipal Drought Relief Grant	
Provincial Treasury : Western Cape Municipal Recovery Services Grant	
Chemical Industries Education & Training Authority	
Central Karoo District Municipality	
Services SETA	
Department of Local Government : Western Cape Municipal Interventions Grant	
Chemical Industries Education & Training Authority	
Government Grants and Subsidies - Capital	
Integrated National Electrification Programme Grant (INEP)	
Central Karoo District Municipality	
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	
Municipal Infrastructure Grant (MIG)	
Western Cape Municipal Interventions Grant	
Water Services Infrastructure Grant (WSIG)	
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	
Department of Local Government : Western Cape Municipal Interventions Grant	
Services SETA	

Total Government Grants and Subsidies

Included in above are the following grants and subsidies received:

Unconditional

Equitable Share

Conditional

Expanded Public Works Programme Integrated Grant (EPWP)	
Local Government Financial Management Grant (FMG)	
Provincial Treasury : Financial Management Support Grant	
Department of Local Government : Local Government Public Employment Support Grant	
Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)	
Department of Cultural Affairs and Sport : Library Service: Replacement Funding	
Community Development Workers (CDW) operational support grant	
Integrated National Electrification Programme Grant (INEP)	
Municipal Infrastructure Grant (MIG)	
Human Settlements : Municipal Accreditation and Capacity Building Grant	
Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	
Water Services Infrastructure Grant (WSIG)	
Department of Local Government : Municipal Drought Relief Grant	
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	
Provincial Treasury : Western Cape Municipal Recovery Services Grant	
Services SETA	
Chemical Industries Education & Training Authority	
Central Karoo District Municipality	

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital  
Government Grants and Subsidies - Operating

2023 R	2022 R
91,796,737	81,602,116
77,265,000	69,624,762
789,596	1,285,000
2,085,000	1,914,000
-	300,000
-	-
1,035,734	64,266
-	150,000
365,904	276,400
744,153	550,023
6,583,742	6,289,078
164,827	249,450
-	-
1,993,000	789,243
-	-
414,641	109,393
179,941	-
175,200	-
52,732,178	14,852,791
16,601,949	485,617
-	1,395,929
-	41,179
5,858,943	12,930,067
-	-
28,438,288	-
1,115,000	-
300,000	-
417,597	-
144,528,915	96,454,907
2023 R	2022 R
77,265,000	69,279,000
77,265,000	69,279,000
63,572,575	34,989,929
1,136,000	1,285,000
2,085,000	1,914,000
-	100,000
100,000	250,000
480,000	-
-	1,100,000
-	150,000
6,679,000	6,548,000
223,000	226,000
11,000,000	6,100,000
9,553,000	14,521,000
256,000	-
-	-
28,439,000	-
-	-
1,115,000	-
1,993,000	-
-	1,400,000
313,575	-
290,000	1,395,929
149,837,575.00	104,268,929
52,732,178	14,852,791
91,796,737	81,602,116
144,528,915	96,454,907



Revenue recognised per vote as required by Section 123 (c) of the MFMA:

	2023 R	2022 R
Equitable share	77,265,000	69,624,763
Executive and Council	2,931,279	2,635,130
Corporate services		
Community and social services	479,940	11,421,941
Finance and administration	9,354,120	2,214,000
Planning and development	-	550,023
Road transport	2,085,000	1,285,000
Sport and recreation	-	-
Waste water management	-	-
Housing	-	249,450
Waste management	-	-
Public safety	23,185,691	5,881,101
Energy services	29,227,884	2,592,899
Water management		
<b>Total Government Grants and Subsidies</b>	<b>144,628,915</b>	<b>96,454,908</b>

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

#### 24.1 National Grants

	2023 R	2022 R
Opening balance	6,654,693	345,762
Grants received	129,478,000	93,099,000
Transfer to/from Equitable share: Municipal Infrastructure Grant, INEP, EPWP	-	-
Revised to National Revenue Fund	(1,040,309)	-
Conditions met - Own Income	-	(1,734,356)
Conditions met - Oerelano	(80,883,749)	(73,374,360)
Conditions met - Capital	(50,899,181)	(11,681,328)
Conditions still to be met	<b>3,309,454</b>	<b>6,654,693</b>

#### 24.2 Provincial Grants

	2023 R	2022 R
Opening balance	2,486,065	5,044,052
Grants received	10,846,000	8,374,000
Revised to National Revenue Fund	(1,126,519)	(2,772,470)
Conditions met - Own Income	-	-
Conditions met - Oerelano	(10,322,147)	(8,118,337)
Conditions met - Capital	(1,415,000)	(41,179)
Conditions still to be met	<b>467,400</b>	<b>2,486,065</b>

#### 24.3 District Grants

	2023 R	2022 R
Opening balance	290,607	400,000
Grants received	200,000	1,395,929
Conditions met - Own Income	-	(182,078)
Conditions met - Oerelano	(414,641)	(109,393)
Conditions met - Capital	-	(1,213,851)
Conditions still to be met	<b>75,966</b>	<b>290,607</b>

#### 24.4 Other Grant Providers

	2023 R	2022 R
Opening balance	1,400,000	1,400,000
Grants received	313,575	-
Conditions met - Own Income	-	-
Conditions met - Oerelano	(175,200)	-
Conditions met - Capital	(417,997)	-
Conditions still to be met	<b>1,126,378</b>	<b>1,400,000</b>

#### 24.4 Equitable Share

	2023 R	2022 R
Grants received	77,265,000	69,279,000
Conditions met - Oerelano	(77,265,000)	(69,624,762)
Conditions still to be met	-	-

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

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

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

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

#### 24.5 Local Government Financial Management Grant (FMG)

	2023 R	2022 R
Opening balance	-	-
Grants received	2,085,000	1,914,000
Conditions met - Operating	(2,085,000)	(1,914,000)
Conditions still to be met	-	-

The Financial Management Grant (FMG) 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).

#### 24.6 Provincial Treasury : Western Cape Municipal Recovery Services Grant

	2023 R	2022 R
Grants received	1,993,000	-
Conditions met - Own Income	-	-
Conditions met - Operating	(1,993,000)	-
Conditions still to be met	-	-

To assist the municipalities to perform their functions effectively, including the coordination and integrated functions and support related to improve overall financial governance and financial sustainability within municipalities when there is a municipal intervention.



	2023 R	2022 R
<b>24.7 Municipal Infrastructure Grant (MIG)</b>		
Opening balance	1,040,310	220,717
Grants received	9,553,000	14,521,000
Transfer to available share	-	(220,716)
Revised to National Revenue Fund	(1,040,309)	-
Conditions met - Own Income	(744,153)	(1,671,014)
Conditions met - Operating	(5,858,943)	(550,623)
Conditions met - Capital	-	(11,259,053)
Conditions still to be met	<b>2,949,904</b>	<b>1,040,310</b>
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
<b>24.8 Integrated National Electrification Grant (INEP)</b>		
Opening balance	5,614,384	33,313
Grants received	11,000,000	6,100,000
Transfer to available share	-	(33,313)
Conditions met - Own Income	-	(63,341)
Conditions met - Capital	(16,801,949)	(422,275)
Conditions still to be met	<b>12,435</b>	<b>5,614,384</b>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
<b>24.9 Expanded Public Works Programme Integrated Grant (EPWP)</b>		
Opening balance	-	91,733
Grants received	1,136,000	1,285,000
Transfer to available share	-	(91,733)
Conditions met - Operating	(789,508)	(1,285,000)
Conditions still to be met	<b>346,494</b>	<b>-</b>
To provide funding for job creation in specific focus areas.		
<b>24.10 Department of Local Government - Western Cape Municipal Interventions Grant</b>		
Grants received	480,000	-
Conditions met - Own Income	-	-
Conditions met - Operating	(179,941)	-
Conditions met - Capital	(300,000)	-
Conditions still to be met	<b>60</b>	<b>-</b>
To provide financial assistance to municipalities to improve infrastructure, systems, structures, corporate governance, service delivery and compliance with executive obligations.		
<b>24.11 Human settlements development grant (Beneficiaries) - Housing</b>		
Opening balance	-	710
Revised to National Revenue Fund	-	(710)
Conditions still to be met	<b>-</b>	<b>-</b>
The Housing grant was utilised for the development of erven and the erection of top structures.		
<b>24.12 Human Settlements Development Grant - Acceleration of Housing Delivery (Bulk Services)</b>		
Opening balance	-	203,871
Revised to National Revenue Fund	-	(203,871)
Conditions still to be met	<b>-</b>	<b>-</b>
To fund housing within municipalities that demonstrated capacity to plan and deliver housing rapidly, with emphasis on rural areas.		
<b>24.13 Human Settlements Development Grant - Title Deeds Restoration</b>		
Opening balance	-	705,775
Revised to National Revenue Fund	-	(705,775)
Conditions still to be met	<b>-</b>	<b>-</b>
To assist with the registration backlog in terms of housing provided.		
<b>24.14 Human Settlements - Municipal Accreditation and Capacity Building Grant</b>		
Opening balance	(91,173)	158,277
Grants received	256,000	-
Conditions met - own Income	-	-
Conditions met - Operating	(164,827)	(249,450)
Conditions still to be met	<b>(9)</b>	<b>(91,173)</b>
The purpose of grant is to fund salary of the capacity building clerk for a period of twelve months.		
<b>24.15 Provincial Treasury - Financial Management Capacity Building Grant</b>		
Opening balance	250,000	1,280,000
Grants received	100,000	250,000
Interest received	-	-
Transfer from Financial Management Support Grant	-	-
Revised to National Revenue Fund	-	(1,280,000)
Conditions still to be met	<b>350,000</b>	<b>250,000</b>
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.		



**24.16 Provincial Treasury : Financial Management Support Grant**

Opening balance	
Grants received	
Conditions met - Operating	
Conditions still to be met	
To provide financial assistance to the municipality to improve overall financial governance. The grant was used for revenue enhancement and asset verifications.	

2023 R	2022 R
0	200,000
-	100,000
-	(300,000)
0	0

**24.17 Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure**

Opening balance	
Correction of Error	
Grants received	
Interest received	
Repaid to National Revenue Fund	
Conditions met - own income	
Conditions met - Operating	
Conditions met - Capital	
Conditions still to be met	

2023 R	2022 R
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

To financial assist the municipality with maintenance and construction of municipal main roads, where the municipality is the road authority.

**24.18 Department of Cultural Affairs and Sport : Library Service: Replacement Funding**

Opening balance	
Grants received	
Repaid to National Revenue Fund	
Conditions met - Operating	
Conditions met - Capital	
Conditions still to be met	
To support municipal investment in library services and sustain the future professional delivery and development of library services.	

2023 R	2022 R
1,098,401	880,658
6,679,000	6,548,000
(1,098,401)	(1,098,401)
(8,363,742)	(8,289,078)
-	(41,179)
95,258	1,098,401

**24.19 Department of Local Government : Fire Service Casaciv Building Grant**

Opening balance	
Repaid to National Revenue Fund	
Conditions still to be met	
To provide financial assistance to municipalities to ensure functional emergency communication, mobilisation systems and fire services.	

2023 R	2022 R
-	154,074
-	(154,074)
-	-

**24.20 Department of Local Government : Community Development Workers (CDW) Operational Support Grant**

Opening balance	
Grants received	
Conditions met - Operating	
Conditions still to be met	
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.	

2023 R	2022 R
164,984	215,284
223,000	226,000
(265,964)	(276,300)
22,081	164,984

**24.21 Department of Local Government : Thusong Services Centres Grant (Sustainability: Operational Support Grant)**

Opening balance	
Grants received	
Repaid to National Revenue Fund	
Conditions met - Operating	
Conditions still to be met	
To provide financial assistance to the municipality, ensuring the financial sustainability to the Thusong Service Centre.	

2023 R	2022 R
0	102,787
-	150,000
-	(102,787)
-	(150,000)
0	0

**24.22 Department of Local Government : Municipal Drought Relief Grant**

Opening balance	
Repaid to National Revenue Fund	
Conditions met - Operating	
Conditions still to be met	
Drought relief financial assistance to the municipality to augment water supply and bulk infrastructure capacity.	

2023 R	2022 R
28,118	1,125,517
(28,118)	(308,156)
-	(789,243)
0	28,118

**24.23 Water Services Infrastructure Grant (WSIG)**

Grants received	
Conditions met - own income	
Conditions still to be met	
Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities; provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development; support municipalities in implementing water conservation and water demand management projects; support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas; support drought relief projects in affected municipalities.	

2023 R	2022 R
28,439,000	-
(28,439,288)	-
712	-

**24.24 Fire and Drought Relief**

Opening balance	
Repaid to National Revenue Fund	
Conditions still to be met	
To assist with the impact of climate change in the province.	

2023 R	2022 R
-	17,097
-	(17,097)
-	-





	2023 R	2022 R
<b>24.25 Department of Local Government: Emergency Municipal Load Shedding Relief Grant</b>		
Grants received	1,115,000	-
Conditions met - Operating	(1,115,000)	-
Conditions still to be met	-	-
Provide a financial contribution to municipalities towards the purchase and installation of back-up energy supply (which may include generators, renewable power sources, batteries and all ancillary costs associated with the installation i.e.: switch gear, safe keeping, caging etc.) for water and wastewater infrastructure as an immediate response to the prolonged load-shedding, thereby mitigating the impact on the provision of basic services and potential health risks.		
	2023 R	2022 R
<b>24.26 Chemical Industries Education &amp; Training Authority</b>		
Grants received	313,575	-
Conditions met - Operating	(175,290)	-
Conditions still to be met	138,375	-
Implementation of learning programmes on a fulltime and uninterrupted basis for a period of 18 months.		
	2023 R	2022 R
<b>24.27 Central Karoo District Municipality</b>		
Opening balance	290,607	400,000
Grants received	290,000	1,395,529
Conditions met - own income	-	(182,078)
Conditions met - Operating	(414,641)	(109,393)
Conditions met - Capital	-	(1,213,851)
Conditions still to be met	75,966	290,607
To provide safety response measures with regards to COVID 19 pandemic		
	2023 R	2022 R
<b>24.28 Department of Local Government : Local Government Public Employment Support Grant</b>		
Opening balance	1,035,734	-
Grants received	-	1,100,000
Conditions met - Operating	(1,035,734)	(64,266)
Conditions still to be met	(0)	1,035,734
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		
	2023 R	2022 R
<b>24.29 Other Grant Providers: Services SETA</b>		
Opening balance	1,400,000	-
Grants received	-	1,400,000
Conditions met - Capital	(417,997)	-
Conditions still to be met	982,003	1,400,000
Financial contribution towards electrical and water infrastructure for completion of the Skills Centre.		
	2023 R	2022 R
<b>24.30 Total Grants</b>		
Opening balance	10,831,366	5,789,814
Grants received	140,857,575	104,588,029
Revenue in National Revenue Fund	(2,186,828)	(2,772,470)
Conditions met - own income	(28,438,288)	(1,916,433)
Conditions met - Operating	(94,904,737)	(81,602,116)
Conditions met - Capital	(23,178,889)	(12,936,358)
Conditions still to be met	2,986,198	10,831,366
	2023 R	2022 R
<b>25. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT</b>		
Mini-substation Bird Street	-	793,995
Department: Forestry, Fisheries and the Environment - Waste Compactor Truck	2,551,862	-
Total Computer Services - Computer Equipment	4,300	-
Uberlec - Computer Equipment	7,460	-
Department: Transport and Public Works - Computer Equipment	401,622	-
Total Contributed Property, Plant and Equipment	2,965,264	793,995
	2023 R	2022 R
<b>26. LICENCES AND PERMITS</b>		
Road and Transport	181,192	330,306
Total Licences and Permits	181,192	330,306
Disclosed as follows:		
Revenue from Non-Exchange Transactions	181,192	120,452
Revenue from Exchange Transactions	-	209,854
Total Licences and Permits	181,192	330,306
	2023 R	2022 R
<b>27. SERVICE CHARGES</b>		
Electricity	79,474,982	81,667,442
Service Charges	86,756,794	81,886,896
Less: Revenue Forgone	(7,281,813)	(219,454)
Water	16,979,804	23,286,172
Service Charges	22,553,030	26,771,260
Less: Revenue Forgone	(5,573,227)	(5,506,100)
Waste Management	10,487,936	7,905,256
Service Charges	14,475,454	11,591,388
Less: Revenue Forgone	(3,977,519)	(3,686,132)
Waste Water Management	20,478,249	17,871,013
Service Charges	25,629,222	23,847,151
Less: Revenue Forgone	(5,150,974)	(5,976,138)
Total Service Charges	127,436,969	130,706,883

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.



	2023 R	2022 R
<b>28. SALES OF GOODS AND RENDERING OF SERVICES</b>		
Application Fees for Land Usage	82,290	-
Building Plan Approval	99,749	83,757
Cemetery and Burial	345,599	422,893
Clearance Certificates	50,895	66,154
Drainage Fees	680	320
Encroachment Fees	916	916
Entrance Fees	80,105	1,218
Legal Fees	1,001	-
Membership Fees	14,047	11,668
Photocopies and Faxes	16,070	17,500
Sale of Goods	118,413	41,280
Valuation Services	-	14,772
<b>Total Sales of Goods and Rendering of Services</b>	<b>899,933</b>	<b>660,477</b>
<b>29. RENTAL FROM FIXED ASSETS</b>		
Investment Property	1,305,505	1,275,304
Property, Plant and Equipment	76,971	77,462
<b>Total Rental from Fixed Assets</b>	<b>1,382,476</b>	<b>1,352,766</b>
<b>30. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	2,121,363	540,859
<b>Total Interest Earned - External Investments</b>	<b>2,121,363</b>	<b>540,859</b>
<b>31. INTEREST EARNED - EXCHANGE TRANSACTIONS</b>		
Receivables from exchange transactions	7,852,336	6,243,807
<b>Total Interest Earned - Outstanding Receivables</b>	<b>7,852,336</b>	<b>6,243,807</b>
<b>32. OPERATIONAL REVENUE</b>		
Administrative Handling Fees and Photocopies	1,930,305	392,191
Breakages and Losses Recovered	691	1,722,838
Commission of Insurances	116,924	-
Incidental Cash Surpluses	47,699	114,309
Inspection Fees	863	-
Insurance Refund	398,991	276,464
Registration Fees	172,245	74,182
Request for Information	28,012	17,509
Staff Recoveries	(314,233)	97,979
Skills development levy refund	185,307	145,259
Sale of Property	20,000	56,387
<b>Total Operational Revenue</b>	<b>2,586,825</b>	<b>2,897,019</b>



	2023	2022
	R	R
<b>33. EMPLOYEE RELATED COSTS</b>		
Acting Allowance	2,175,514	1,209,513
Basic Salaries and Wages	86,359,431	80,688,740
Barotaining council	51,289	52,299
Bonuses	6,095,983	6,051,981
Cell Phone Allowance	234,363	281,578
Essential users	2,357,238	142,539
Group Insurance	50,834	64,146
Housing Allowances	422,873	433,915
Long Service Awards	-	-
Long Service Bonus	-	-
Medical Aid Contributions	2,018,512	2,015,998
Overtime	3,653,523	2,820,810
Payments in lieu of leave	554,968	918,529
Pension and UIF Contributions	13,996,853	14,419,306
Performance bonus	3,006	(44,526)
Rural Allowance	257,695	380,101
Scarcity allowance	2,429,983	1,581,908
Standby Allowances	167,014	2,407,670
Transport Allowances	-	-
Unemployment Fund	80,000	115,000
Uniform Allowance	1,530,000	1,567,804
Post retirement obligations	482,000	564,608
Current Service Cost - Long Service Awards - Note 15.2	1,048,000	1,003,196
Current Service Cost - Medical - Note 15.1	-	-
<b>Total Employee Related Costs</b>	<b>122,446,789</b>	<b>124,977,211</b>

**KEY MANAGEMENT PERSONNEL**

The directors are directly accountable to the Municipal Manager. The Director Corporate services are permanently employed. There are no post-employment or termination benefits payable to them at the end of their service.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

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

	2023	2022
	R	R
Acting Allowance	-	-
Basic Salary	405,519	1,141,500
Cellular and Telephone Allowance	6,400	18,000
Contributions, Medical and Pension Funds	896	-
Motor Vehicle Allowance	-	-
Scarcity allowance	26,346	79,505
Payments in lieu of leave	109,762	-
<b>Total</b>	<b>550,953</b>	<b>1,239,405</b>

Municipal manager for the period July 2022 to November 2022

**Remuneration of the Acting Municipal Manager: GZ Nyathi**

	2023	2022
	R	R
Acting Allowance	-	86,177
Basic Salary	694,141	407,198
Cellular and Telephone Allowance	9,000	6,857
Contributions, Medical and Pension Funds	1,063	-
Payments in lieu of leave	25,241	-
Scarcity allowance	41,417	33,939
<b>Total</b>	<b>774,861</b>	<b>546,168</b>

Acting Municipal Manager for the period July 2022 to February 2023

**Remuneration of the Acting Municipal Manager: RR Links**

	2023	2022
	R	R
Basic Salary	71,764	-
Cellular and Telephone Allowance	5,613	-
Pension and UIF Contributions	695	-
Scarcity allowance	5,023	-
<b>Total</b>	<b>83,095</b>	<b>-</b>

Acting Municipal Manager for the period January 2023 to April 2023

**Remuneration of the Acting Municipal Manager: De Welgemood**

	2023	2022
	R	R
Basic Salary	129,812	-
Cellular and Telephone Allowance	3,000	-
Medical Aid Contributions	11,456	-
Motor Vehicle Allowance	20,000	-
Pension and UIF Contributions	10,880	-
Scarcity allowance	12,026	-
<b>Total</b>	<b>187,173</b>	<b>-</b>

Municipal Manager for the period May 2023 to June 2023

**Remuneration of Chief Financial Officer: N.Ntsangani**

	2023	2022
	R	R
Basic Salary	-	704,634
Cellular and Telephone Allowance	-	18,000
Scarcity allowance	-	72,823
Motor Vehicle Allowance	-	173,817
Housing Allowance	-	7,200
Contributions, Medical and Pension Funds	-	154,076
Payments in lieu of leave	-	52,018
<b>Total</b>	<b>-</b>	<b>1,183,168</b>

Chief financial officer 18 June 2022

**Remuneration of Acting Chief Financial Officer: NP Mabheba**

	2023	2022
	R	R
Basic Salary	564,205	88,726
Cellular and Telephone Allowance	12,000	1,887
Scarcity allowance	39,494	6,211
Payments in lieu of leave	24,581	-
Contributions, Medical and Pension Funds	1,417	-
<b>Total</b>	<b>641,697</b>	<b>96,824</b>

Acting Chief Financial Officer for the period July 2022 to March 2023



**Remuneration of Acting Chief Financial Officer: RA Eland**

Acting Allowance  
Scarcity allowance  
Cellular and Telephone Allowance

**Total**

Acting Chief Financial Officer for period March 2023 to June 2023

2023 R	2022 R
47,103	-
3,297	-
6,000	-
<b>56,400</b>	<b>-</b>

**Remuneration of the Acting Director Community Services: AI Hendricks**

Basic Salary  
Cellular and Telephone Allowance  
Scarcity allowance  
Payments in lieu of leave

**Total**

Acting Director Community Services for the period August to October 2021

2023 R	2022 R
-	237,727
-	4,500
-	16,641
-	21,944
<b>-</b>	<b>280,812</b>

**Remuneration of the Acting Director Community Services: MC Phosoko**

Basic Salary  
Cellular and Telephone Allowance  
Contributions, Medical and Pension Funds  
Scarcity allowance

**Total**

Acting Director Community Services for the period July 2021

2023 R	2022 R
-	70,526
-	1,500
-	-
-	4,937
<b>-</b>	<b>76,963</b>

**Remuneration of the Director Corporate Services: AC Makendana**

Basic Salary  
Cellular and Telephone Allowance  
Contributions, Medical and Pension Funds  
Scarcity allowance  
Payments in lieu of leave  
Motor Vehicle Allowance  
Other benefits and allowances  
Performance Bonus

**Total**

2023 R	2022 R
842,898	789,163
18,000	18,000
192,581	191,164
72,853	72,853
60,000	22,764
838	60,000
100,183	-
<b>1,287,324</b>	<b>1,153,914</b>

**Remuneration of Director: Infrastructure Services: D.C. Van Turba**

Basic Salary  
Cellular and Telephone Allowance  
Scarcity allowance  
Motor Vehicle Allowance  
Contributions, Medical and Pension Funds  
Payments in lieu of leave  
Performance Bonus  
Other benefits and allowances

Director Infrastructure Services for the period July 2022 to November 2022

2023 R	2022 R
401,114	831,395
7,500	18,000
36,412	72,853
7,500	12,000
88,404	176,099
12,004	-
50,000	-
773	-
<b>683,787</b>	<b>1,110,317</b>

**Remuneration of Acting Director: Infrastructure Services: C.B Wright**

Acting Allowance

Acting Director Infrastructure for the period July 2022, September 2022 to June 2023

2023 R	2022 R
162,393	-

**Remuneration of Acting Director Corporate Services: MC Tshibo**

Acting Allowance  
Cellular and Telephone Allowance  
Scarcity allowance

Acting Director Corporate Services for period September 2022 to December 2022

2023 R	2022 R
103,358	-
4,500	-
5,223	-
<b>113,081</b>	<b>-</b>

**Remuneration of Acting Director Community Services: MC Tshibo**

Acting Allowance  
Cellular and Telephone Allowance  
Scarcity allowance

Acting Director Community Services for period December 2022 to May 2023

2023 R	2022 R
194,200	-
9,000	-
13,594	-
<b>216,794</b>	<b>-</b>

**Remuneration of Acting Director Infrastructure Services: NL Kotze**

Acting Allowance

Acting Director Infrastructure Services for August 2022

2023 R	2022 R
6,182	-

**Remuneration of Acting Director Community Services: NL Kotze**

Acting Allowance

Acting Director Community Services for period September 2022 to November 2022

2023 R	2022 R
47,006	-

**TOTAL REMUNERATION OF KEY MANAGEMENT PERSONNEL**

Acting Allowance  
Basic Salary  
Bonus  
Cellular and Telephone Allowance  
Contributions, Medical and Pension Funds  
Housing Allowance  
Medical Aid Contributions  
Motor Vehicle Allowance  
Other benefits and allowances  
Payments in lieu of leave  
Pension and UIF Contributions  
Performance Bonus  
Scarcity allowance

2023 R	2022 R
860,341	96,177
3,109,453	4,270,856
-	-
81,013	88,744
284,350	521,939
-	7,200
11,456	-
87,500	245,817
1,911	-
175,588	96,726
11,574	-
150,183	-
257,895	360,101
<b>4,730,645</b>	<b>6,067,960</b>



34. REMUNERATION OF COUNCILLORS

**Total Remuneration of Councillors**  
Annual Remuneration  
Telephone Allowance  
Travel Allowance  
Tools of trade  
Pension  
Medical  
**Total**

2023	2022
R	R
5,358,983	5,250,265
528,943	529,835
136,215	212,721
46,672	46,750
192,404	120,999
2,605	12,125
<b>6,265,821</b>	<b>6,172,695</b>

Remuneration paid to Councillors can be summarised as follows:

2023 financial year	Annual Remuneration	Telephone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
*Executive Mayor (A.Sauls)	337,326	15,543	-	1,372	-	2,605	356,845
*Executive Mayor (T.Prince)	464,739	23,800	-	2,100	37,429	-	528,068
Deputy Executive Mayor (L.V P18)	598,859	40,800	-	3,600	89,829	-	733,088
Speaker (N Constable)	688,688	40,800	-	3,600	-	-	733,088
Executive councillor (CL de Bruin)	645,646	40,800	-	3,600	-	-	690,046
Executive councillor (N.Abrahams)	645,646	40,800	-	3,600	-	-	690,046
R.Shuz	242,819	40,800	-	3,600	29,612	-	316,830
JDK Reynolds	272,430	40,800	-	3,600	-	-	316,830
EF Botha	236,899	40,800	-	3,600	35,534	-	316,830
LB.J Maudumani	272,430	40,800	-	3,600	-	-	316,830
S Essop	272,430	40,800	-	3,600	-	-	316,830
SM Meyers	272,430	40,800	-	3,600	-	-	316,830
AM Stabbert	204,322	40,800	68,108	3,600	-	-	316,830
JJ van der Linde	204,322	40,800	-	3,600	-	-	316,830
<b>Total Councillors' Remuneration</b>	<b>5,358,983</b>	<b>528,943</b>	<b>136,215</b>	<b>46,672</b>	<b>192,404</b>	<b>2,605</b>	<b>6,265,821</b>

\* T.Prince was the executive mayor for the period July 2022 to January 2023. A. Sauls was the executive mayor for the period February 2023 to June 2023.

2022 financial year	Annual Remuneration	Telephone Allowance	Travel Allowance	Tools of trade	Pension	Medical	Total
Executive Mayor (G.Pieterse)	468,420	22,893	-	2,020	-	-	494,333
Deputy Executive Mayor (L.V P18)	396,693	26,293	-	2,320	37,429	-	462,735
Speaker (N Constable)	669,655	40,800	-	3,600	-	-	714,055
Chief Whip (AM Ktani)	146,329	14,507	53,804	1,280	21,054	-	236,973
Executive councillor (CL de Bruin)	504,144	40,800	-	3,600	-	-	548,544
Executive councillor (N.Abrahams)	407,363	26,293	-	2,320	-	-	435,976
R.Shuz	175,338	26,293	-	2,320	-	-	203,952
JDK Reynolds	175,338	26,293	-	2,320	-	-	203,952
EF Botha	166,454	26,293	-	2,320	8,884	-	203,952
LB.J Maudumani	175,338	26,293	-	2,320	-	-	203,952
S Essop	175,338	26,293	-	2,320	-	-	203,952
SM Meyers	175,338	26,293	-	2,320	-	-	203,952
AM Stabbert	204,322	40,800	68,108	3,600	-	-	316,830
JJ van der Linde	204,322	40,800	68,108	3,600	-	-	316,830
O Louw	262,924	14,507	-	1,280	-	-	308,711
DE Welgemoed	61,954	14,507	22,703	1,280	-	12,125	112,568
E Wentzel	84,936	14,507	-	1,280	11,845	-	112,568
E Lawrence	84,936	14,507	-	1,280	11,845	-	112,568
O Haanvoor	96,781	14,507	-	1,280	-	-	112,568
ZDU Lambert	221,186	14,507	-	1,280	-	-	236,973
L Deype	205,561	14,507	-	1,280	29,943	-	251,321
L Basson	96,781	14,507	-	1,280	-	-	112,568
TCU Prince	69,782	2,634	-	250	-	-	82,666
<b>Total Councillors' Remuneration</b>	<b>5,250,265</b>	<b>529,835</b>	<b>212,721</b>	<b>46,750</b>	<b>120,999</b>	<b>12,125</b>	<b>6,172,695</b>

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker, 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.



	2023 R	2022 R
<b>35. CONTRACTED SERVICES</b>		
Consultants and Professional Services	<b>12,427,482</b>	<b>8,217,089</b>
Consultants and Professional Services: Business and Advisory: Accounting and Auditing	3,840,971	2,215,516
Consultants and Professional Services: Business and Advisory: Audit Committee	58,308	87,750
Consultants and Professional Services: Business and Advisory: Business and Financial Management	3,520,401	5,274,043
Consultants and Professional Services: Business and Advisory: Human Resources	-	8,250
Consultants and Professional Services: Business and Advisory: Medical Examinations	-	-
Consultants and Professional Services: Business and Advisory: Occupational Health and Safety	-	2,889
Consultants and Professional Services: Business and Advisory: Organisational	-	-
Consultants and Professional Services: Business and Advisory: Quality Control	-	-
Consultants and Professional Services: Business and Advisory: Research and Advisory	-	-
Consultants and Professional Services: Business and Advisory: Valuer and Assessors	39,745	10,297
Consultants and Professional Services: Business and Advisory: Project Management	-	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Civil	43,127	15,565
Consultants and Professional Services: Infrastructure and Planning: Engineering: Electrical	154,500	-
Consultants and Professional Services: Infrastructure and Planning: Engineering: Geomatics Services	-	-
Consultants and Professional Services: Infrastructure and Planning: Land and Quantity Surveyors	-	9,313
Consultants and Professional Services: Infrastructure and Planning: Town Planner	128,110	16,000
Consultants and Professional Services: Laboratory Services: Water	937,512	153,458
Consultants and Professional Services: Legal Cost: Collection	206,630	159
Consultants and Professional Services: Legal Cost: Issue of Summons	3,458,088	783,620
Consultants and Professional Services: Legal Cost: Legal Advice and Litigation	-	-
<b>Contractors</b>	<b>2,614,927</b>	<b>1,853,748</b>
Contractors: Building	-	-
Contractors: Catering Services	-	-
Contractors: Electrical	47,399	-
Contractors: Employee wellness	9,292	10,170
Contractors: Interior Decorator	-	-
Contractors: Maintenance of Buildings and Facilities	298,927	239,711
Contractors: Maintenance of Equipment	1,162,002	866,313
Contractors: Maintenance of Unspecified Assets	404,190	311,279
Contractors: Management of Informal Settlements	-	-
Contractors: Medical Services	-	-
Contractors: Plants, Flowers and Other Decorations	86	261
Contractors: Pest control	-	-
Contractors: Prepaid Electricity Vendors	692,932	426,013
Contractors: Removal of Hazardous Waste	-	-
Contractors: Safeguard and Security	-	-
Contractors: Sewerage Services	-	-
Contractors: Tracing Agents and Debt Collectors	-	-
Contractors: Transportation	-	-
<b>Outsourced Services</b>	<b>5,989,331</b>	<b>3,116,418</b>
Outsourced Services: Burial Services	301,594	371,667
Outsourced Services: Business and Advisory: Occupational Health and Safety	-	-
Outsourced Services: Business and Advisory: Valuer	-	-
Outsourced Services: Business and Advisory: Human Resources	-	-
Outsourced Services: Organisational services	-	-
Outsourced Services: Business and Advisory: Communications	-	-
Outsourced Services: Catering Services	119,083	112,113
Outsourced Services: Cleaning Services	-	687
Outsourced Services: Driver Licence Cards	129,402	-
Outsourced Services: Internal Auditors	244,391	440,814
Outsourced Services: Meter Management	-	-
Outsourced Services: Personnel and Labor	-	-
Outsourced Services: Printing Services	-	-
Outsourced Services: Refuse Removal	-	-
Outsourced Services: Security Services	5,130,244	905,048
Outsourced Services: Sewerage Services	-	-
Outsourced Services: Traffic Fines Management	64,618	1,285,088
<b>Total Contracted Services</b>	<b>21,031,610</b>	<b>13,547,225</b>
<b>36. DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	24,744,557	23,767,378
Investment Property	213,981	213,981
Intangible Assets	59,063	118,859
<b>Total Depreciation and Amortisation</b>	<b>25,017,601</b>	<b>24,100,218</b>
<b>37. FINANCE COSTS</b>		
Long-term Borrowings	485,816	653,228
Non-current Provisions - Note 14	1,608,355	1,425,985
Non-current Employee Benefits - Note 15	3,770,000	2,874,000
Overdraft Facilities	5,603,695	6,747,475
<b>Total Finance Costs</b>	<b>11,467,866</b>	<b>11,700,687</b>
<b>38. BULK PURCHASES</b>		
Electricity	75,857,718	75,463,489
Water	11,162,254	10,965,940
<b>Total Bulk Purchases</b>	<b>87,019,972</b>	<b>86,429,430</b>

The distribution loss of bulk purchases for 2023 is R17,863,011 (x% electricity, x% water) and for 2022: R28,468,366 (35.42% electricity; 15.86%). Refer to note 48.8 for further detail on electricity and water losses



	2023 R	2022 R
<b>39. TRANSFERS AND SUBSIDIES</b>		
<b>Monetary Allocations</b>		
Households	175,200	-
Non-profit Institutions (Tourism)	412,500	500,000
<b>Total Transfers and Subsidies</b>	<b>587,700</b>	<b>500,000</b>
<b>40. OPERATIONAL COSTS</b>		
Advertising, Publicity and Marketing	399,182	258,716
Achievements and Awards	3,000	1,500
Audit Fees	7,645,879	3,507,908
Bank Charges, Facility and Card Fees	1,035,994	773,850
Bursaries (Employees)	101,508	7,580
Cleaning Services	717	-
Commission	276	-
Courier and Delivery Services	236,468	16,054
Communication	2,000,957	2,121,196
Deeds	16,713	16,616
Drivers Licences and Permits	13,193	-
Entertainment	1,714	36
External Computer Service	3,381,779	3,004,554
Freight Services	244,671	-
Hire Charges	4,313,409	3,313,584
Indigent Relief	576,453	533,383
Insurance	1,721,736	952,826
Licences	341,461	362,201
Municipal Services	2,316,338	1,889,298
Personnel Agency Fees (Personnel Recruitment Costs)	35,727	-
Printing, Publications and Books	607,455	378,978
Professional Bodies, Membership and Subscription	1,416,335	2,253,653
Registration Fees	3,877	-
Remuneration to Ward Committees	353,000	114,500
Resettlement Cost	4,425	-
Rewards Incentives	4,349	5,000
Skills Development Fund Levy	927,663	-
Toll Gate Fees	178	846
Transport Provided as Part of Departmental Activities	-	1,130
Travel Agency and Visa's	-	20,370
Travel and Subsistence	765,400	514,956
Uniform and Protective Clothing	61,817	360,076
Vehicle Tracking	14,931	19,908
Wet Fuel	3,302,020	2,630,181
Workmen's Compensation Fund	2,172,813	692,039
<b>Total Operational Costs</b>	<b>33,926,488</b>	<b>23,683,109</b>
<b>41. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
Receivables from Exchange Transactions - Note 10	(6,234,115)	(24,843,619)
Receivables from Non-exchange Revenue - Note 11	(33,610,241)	(20,588,108)
<b>Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables</b>	<b>(42,844,356)</b>	<b>(45,431,727)</b>



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	2023 R	2022 R
<b>42. GAINS/ (LOSS) ON SALE OF FIXED ASSETS</b>		
Property, Plant and Equipment	-	(1,543,655)
<b>Total Gains/ (Loss) on Sale of Fixed Assets</b>	<b>-</b>	<b>(1,543,655)</b>
Balance previously reported		(490,518)
Reclassification - note 43.2		490,518
Correction of error - note 43.9		(1,543,655)
<b>Restated balance</b>		<b>(1,543,655)</b>
	2023 R	2022 R
<b>43. CORRECTION OF ERROR IN TERMS OF GRAP 3</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from misstatements occurred in the prior years.		
	Note	2022 R
<b>43.1 Property, Plant and Equipment</b>		
Balance previously reported		423,175,455
Cost		(865,305)
The main office building used by the Finance Department was previously recognised as a Heritage Asset. Due to the daily usage of the building as office space for the Finance Department, the recognition of the asset was adjusted to Property, Plant and Equipment starting from 1 July 2021.	43.2	1,885,000
Properties identified for disposal as the municipality no longer have control over the land		(2,750,305)
Accumulated depreciation		(251,333)
While the above mentioned building was recognised as a Heritage Asset, no depreciation was calculated on the building. With the transfer to Property, Plant and Equipment accumulated depreciation had to be calculated. The accumulated depreciation as at 1 July 2021 had to be applied.	43.8	(188,500)
The depreciation for the 2021/22 financial year on the finance building is as follow	43.8	(62,833)
Accumulated impairment		1,360,262
During 2021/22 impairment was applied to some electrical infrastructure due to vandalism. Some of these assets could be restored and thus the impairment was reversed on these assets.	43.9	153,612
Properties identified for disposal as the municipality no longer have control over the land		1,206,650
<b>Restated Balance</b>		<b>423,419,079</b>
<b>43.2 Heritage Assets</b>		
Balance previously reported		5,225,000
Cost		(1,885,000)
The main office building used by the Finance Department was previously recognised as a Heritage Asset. Due to the daily usage of the building as office space for the Finance Department, the recognition of the asset was adjusted to Property, Plant and Equipment starting from 1 July 2021.	43.1	(1,885,000)
<b>Restated Balance</b>		<b>3,340,000</b>
<b>43.3 Inventory</b>		
Balance previously reported		3,423,769
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7	(4,108)
<b>Restated Balance</b>		<b>3,419,661</b>
<b>43.4 Receivables from Exchange Transactions</b>		
Balance previously reported		21,171,614
Service charges incorrectly levied during 2021/22	43.8 & 43.9	(365,374)
<b>Restated Balance</b>		<b>20,806,240</b>
<b>43.5 Receivables from Non-exchange Transactions</b>		
Balance previously reported		73,786,647
No impairment calculation was done for traffic fines during 2021/22. The calculation was done during the current year and applied to the 2021/22 financial year.	43.9	(20,070,400)
Traffic fines were incorrectly recognised during 2021/22, resulting in Receivables from Non-exchange Transactions being overstated.	43.9	(74,313)
VAT calculations on service charges for prior years were incorrectly done with the impairment calculations and included under receivables from non-exchange transactions.	43.6	(3,284,032)
Property rates in of building clause levies incorrectly levied during 2021/22	43.9	(5,243,706)
Property rates incorrectly levied during 2021/22	43.8	(5,144)
Due to incorrect calculations on the impairment for VAT on outstanding receivables an amount in regards to advance payments was incorrectly included under receivables from non-exchange transactions.	43.5	(870,194)
Correction of allocation relating to provision for impairment of 2020/2021	43.8	3,284,032
Correction of allocation relating to provision for impairment of 2021/2022	43.9	870,194
<b>Restated Balance</b>		<b>48,393,085</b>
<b>43.6 VAT receivable</b>		
Balance previously reported		10,583,046
VAT calculations on service charges for prior years were incorrectly done with the impairment calculations and included under receivables from non-exchange transactions.	43.5	4,154,226
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7	(985,641)
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7	(384,282)
Payables and Accruals corrections in duplication of invoices during 2020/21	43.7	(1,649,465)
Correction of Payables for 2021/2022	43.7	677,707
<b>Restated Balance</b>		<b>12,295,591</b>
<b>43.7 Trade and Other Payables from Exchange Transactions</b>		
Balance previously reported		164,291,132
Payables and Accruals corrections in duplication of invoices during 2021/22	43.6 & 43.9	(10,465,052)
Payables and Accruals corrections in duplication of invoices during 2021/22	43.6 & 43.9	(2,949,944)
Payables and Accruals corrections in duplication of invoices during 2020/21	43.6 & 43.8	(17,260,587)
Correction of Payables for 2021/2022	43.6 & 43.8	7,844,180
<b>Restated Balance</b>		<b>131,299,728</b>
<b>43.8 Accumulated Surplus</b>		
Balance previously reported 1 July 2021		R 335,179,221
The main office building used by the Finance Department was previously recognised as a Heritage Asset. Due to the daily usage of the building as office space for the Finance Department, the recognition of the asset was adjusted to Property, Plant and Equipment starting from 1 July 2021. While being recognised as a Heritage Asset no depreciation was calculated against the asset. With the transfer to Property, Plant and Equipment depreciation is applicable, the depreciation calculated for periods prior to the 2021/22 financial year has to be recognised against the opening balance of the Accumulated Surplus.	43.1	(188,500)
Payables and Accruals corrections in duplication of invoices prior to 2021/2022	43.7 & 43.9	5,748,394
Payables and Accruals corrections in duplication of invoices prior to 2021/2022	43.7 & 43.9	9,862,759
Correction of allocation relating to provision for impairment of 2020/2021	43.5	3,284,032
Correction of Payables for 2020/2021	43.6 & 43.7	4,341,759
<b>Restated balance 1 July 2021</b>		<b>358,227,635</b>
<b>Deficit for the 2021/2022 financial year as previously reported</b>		<b>(10,760,336)</b>
The depreciation for the building moved from Heritage Assets to Property, Plant and Equipment for 2021/22.	43.1	(62,833)
No impairment calculation was done for traffic fines during 2021/22. The calculation was done during the current year and applied to the 2021/22 financial year.	43.9 & 43.9	(20,070,400)
Traffic fines were incorrectly recognised during 2021/22, resulting in revenue for Fines, Penalties and Forfeits being overstated.	43.5 & 43.9	(74,313)
Correction of allocation relating to provision for impairment of 2021/2022	43.5	870,194
During 2021/22 impairment was applied to some electrical infrastructure due to vandalism. Some of these assets could be restored and thus the impairment was reversed on these assets.	43.1	153,612
Property rates in of building clause levies incorrectly levied during 2021/22	43.5 & 43.9	(5,243,706)
Property rates and service charges incorrectly levied during 2021/22	43.4 & 43.5	(370,517)
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7 & 43.9	9,475,303
Payables and Accruals corrections in duplication of invoices during 2021/22	43.7 & 43.9	2,565,062
Correction of Payables for 2021/2022	43.7 & 43.9	(7,066,473)
Properties identified for disposal as the municipality no longer have control over the land	43.1 & 43.9	(1,543,655)
<b>Deficit for the 2021/22 financial year as restated</b>		<b>(31,627,462)</b>
<b>Restated Balance</b>		<b>326,600,174</b>





43.9 Changes to Statement of Financial Performance

		2023 R	2022 R
	Note	Balance previously reported	Restated Balance
<b>Revenue</b>			
Property Rates	43.5	45,484,089	40,235,240
Government Grants and Subsidies - Capital		14,852,792	14,852,792
Government Grants and Subsidies - Operating		81,602,115	81,602,115
Contributed Property, Plant and Equipment		793,995	793,995
Fines, Penalties and Forfeits	43.5	30,583,802	30,589,289
Interest Earned - Non-exchange Transactions		1,628,231	1,628,231
Licences and Permits from Non-Exchange Transactions		120,452	120,452
Service Charges	43.4	131,051,897	130,708,883
Sales of Goods and Rendering of Services		660,477	660,477
Rental from Fixed Assets	43.4	1,388,579	1,352,166
Interest Earned - External Investments		540,859	540,859
Interest Earned - Exchange Transactions		6,243,807	6,243,807
Licences and Permits from Exchange Transactions		209,854	209,854
Agency Services		462,007	462,007
Operational Revenue	43.4	2,873,568	2,897,019
<b>Total</b>		<b>318,006,322</b>	<b>312,817,786</b>
<b>Expenditure</b>			
Employee related costs		124,977,211	124,977,211
Remuneration of Councillors		6,172,695	6,172,695
Bad Debts Written Off		164,298	164,298
Contracted Services	43.7	14,274,333	13,547,225
Depreciation and Amortisation	43.1	24,037,384	62,833
Finance Costs	43.7	11,383,523	11,700,487
Bulk Purchases		86,429,430	86,429,430
Inventory Consumed	43.7	4,341,545	4,354,489
Operating Leases		500,000	500,000
Transfers and Subsidies	43.7	28,260,301	23,663,109
Operational Costs		300,541,019	295,529,360
<b>Total</b>		<b>300,541,019</b>	<b>295,529,360</b>
<b>Gains and Losses</b>			
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	43.5	(26,231,521)	(45,431,727)
Gain/(Loss) on Sale of Fixed Assets	43.1	(490,518)	(1,543,655)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	43.1	(1,503,600)	(338,906)
Actuarial gains/(losses)		(1,503,600)	(1,503,600)
<b>Total</b>		<b>(28,225,639)</b>	<b>(48,816,888)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(10,260,336)</b>	<b>(31,627,462)</b>

43.10 RECLASSIFICATION IN TERMS OF GRAP 3

		Balance	Adjustments	Restated Balance
<b>Statement of Financial Performance</b>				
<b>Revenue</b>		<b>318,006,322</b>	-	<b>318,006,322</b>
<b>Expenditure</b>		<b>300,541,019</b>	(8)	<b>300,541,019</b>
<b>Gains and Losses</b>				
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	43.10.1	(26,231,521)	490,518	(26,231,521)
Gain/(Loss) on Sale of Fixed Assets	43.10.1	(490,518)	(490,518)	(490,518)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	43.10.1	(1,503,600)	-	(1,503,600)
Actuarial gains/(losses)		(1,503,600)	-	(1,503,600)
<b>Total</b>		<b>(28,225,639)</b>	-	<b>(28,225,639)</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(10,260,336)</b>	<b>0</b>	<b>(10,260,336)</b>

Note 43.10.1: The impairment on vandalised assets were correctly calculated in the previous financial year. The reason for the reclassification is due to human error where impairment loss was mapped to gain/loss on sale of fixed assets in the 2021/2022 financial year.

43.11 Irregular expenditure

Balance previously reported	175,641,321
2022 - SCM procedures not followed with regards to competitive bidding - a communication of audit finding was raised in respect of payments made in excess of award amount	282,730
<b>Restated balance</b>	<b>175,924,051</b>

44. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2023 R	2022 R
Surplus/(Deficit) for the year	19,005,299	(31,627,462)
<b>Adjustments for:</b>		
Depreciation	24,958,538	23,981,358
Amortisation	50,063	118,659
Loss/(Gain) on Sale of Fixed Assets	-	1,543,655
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(171,435)	-
Impairment Loss/(Reversal of Impairment Loss) - Receivables	42,844,356	45,431,727
Impairment Loss/(Reversal of Impairment Loss) - Fixed assets	(4,170,358)	336,906
Correction of error - Prior years	-	23,298,914
Contributed Property, Plant and Equipment	(2,965,264)	(793,995)
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses/gain	(3,968,436)	1,503,600
Movement in employee benefits	2,783,206	2,078,612
Bad Debts written off	17,866,012	164,298
Interest on provisions	1,688,355	1,384,360
Operating lease income accrued	(9,681)	87,347
<b>Operating Surplus/(Deficit) before changes in working capital</b>	<b>97,841,696</b>	<b>67,447,179</b>
Changes in working capital	(53,450,428)	(25,753,006)
Increase/(Decrease) in Trade and Other Payables (note 2)	19,074,644	21,283,086
Increase/(Decrease) in Taxes	2,184,624	(2,470,583)
Increase/(Decrease) in Inventory	(1,071,268)	(162,076)
Increase/(Decrease) in Consumer Deposits	(1,351,114)	382,639
Increase/(Decrease) in Current portion of non-current receivables	1,200,488	(662,019)
Increase/(Decrease) in Non-current receivables	(1,413,218)	(116,536)
Increase/(Decrease) in Trade Receivables from Exchange Transactions	(24,056,030)	(25,778,490)
Increase/(Decrease) in Trade Receivables from Non-Exchange Transactions	(42,250,387)	(23,211,681)
Increase/(Decrease) Unpaid Transfers and Subsidies	(5,858,168)	5,041,551
<b>Cash generated/(absorbed) by operations</b>	<b>44,351,228</b>	<b>41,694,173</b>

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

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

45. CASH AND CASH EQUIVALENTS

	2023 R	2022 R
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 12	2,524,653	2,932,049
Call Deposits and Investments - Note 12	12,318,108	13,437,213
Cash on hand - Note 12	17,002	16,819
Bank Overdraft - Note 12	-	-
<b>Total cash and cash equivalents</b>	<b>14,859,763</b>	<b>16,385,881</b>



	2023 R	2022 R
46. UTILISATION OF LONG-TERM BORROWINGS RECONCILIATION		
Long-term Borrowings - Note 13	4,522,921	5,282,085
Used to finance property, plant and equipment - note 13	(4,522,921)	(5,282,085)
<b>Cash invested for repayment of long-term borrowings</b>	<b>-</b>	<b>-</b>

Long-term borrowings 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. No contingent rents are payable.

Capitalised lease liability at amortised cost is calculated at 10.20%-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. No contingent rents are payable.



47. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

47.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance  
Unauthorised expenditure current year - operational  
Unauthorised expenditure current year - capital  
Written off by Council  
Unauthorised expenditure awaiting authorisation

2023 R	2022 R
147,783,902	123,377,330
20,841,937	24,406,572
637,282	-
-	-
<b>169,063,121</b>	<b>147,783,902</b>

Unauthorised expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2023 R	2022 R
Actual vs Budgeted spending	None	21,279,219	24,406,572
		<b>21,279,219</b>	<b>24,406,572</b>

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

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<b>Unauthorised expenditure current year - operating</b>				
Vote 1 - MUNICIPAL MANAGER	11,609,793	9,315,573	2,294,220	2,294,220
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	175,846,512	219,845,658	(43,999,144)	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	36,865,259	38,013,187	(1,147,928)	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	61,308,591	42,981,875	18,347,716	18,347,716
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	83,392,465	102,102,918	(18,710,453)	-
	<b>369,023,621</b>	<b>412,239,209</b>	<b>(43,215,588)</b>	<b>20,641,937</b>

Vote 1 - Municipal Manager: Unauthorise expenditure due to additional cost on employee related cost and contracted services not budgeted for.

Vote 5 - Directorate: Financial Services: Unauthorise expenditure mostly relate to bad debts written off on indigents not budgeted for.

	2023 Actual R	2023 Final Budget R	2023 Variance R	2023 Unauthorised R
<b>Unauthorised expenditure current year - capital</b>				
Vote 1 - MUNICIPAL MANAGER	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	44,370,961	44,872,086	(501,125)	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	1,405,722	1,501,305	(95,583)	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	38,897	50,000	(11,103)	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	4,925,229	4,287,947	637,282	637,282
	<b>50,740,809</b>	<b>50,711,338</b>	<b>29,471</b>	<b>637,282</b>

Vote 6 - Directorate: Community Services: Unauthorise relating to capital expenditure is mainly due to contributed PPE received that was not budgeted for.

47.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance  
Fruitless and wasteful expenditure current year  
Written off by Council  
Fruitless and wasteful expenditure awaiting condonement

2023 R	2022 R
10,173,525	1,245,310
8,962,175	8,928,215
-	-
<b>19,135,700</b>	<b>10,173,525</b>

Fruitless and wasteful expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2023 R	2022 R
2020 - Double payment to supplier - Kemp street	None	287,798	287,798
2020 - Interest on overdue accounts - Eskom accounts	None	532,857	532,857
2020 - Interest and Penalties on overdue accounts - SARS	None	130,784	130,784
2020 - Interest on overdue account - Telkom accounts	None	3,132	3,132
2020 - Interest on overdue account - Auditor General	None	287,393	287,393
2020 - Interest on overdue account - Barroworld	None	256	256
2020 - Interest late payment pension - LA Retirement fund	None	108	108
2021 - Invoice paid twice - Breda Goutz (water)	None	2,981	2,981
2022 - Interest and Penalties on overdue accounts - SARS PAYE/UIF/SOL	None	280,983	280,983
2022 - Interest and Penalties on overdue accounts - SARS VAT	None	405,975	405,975
2022 - Interest on overdue accounts - creditors	None	6,430,311	6,430,311
2022 - Salaries paid of suspended employees	None	1,810,946	1,810,946
2023 - Interest on overdue accounts - creditors	None	6,037,517	-
2023 - Salaries paid of suspended employees	None	2,924,658	-
		<b>19,135,700</b>	<b>10,173,525</b>

47.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance  
Irregular expenditure current year  
Irregular expenditure (PPR) regulations (4(1)) - COMAF 41  
Expenditure authorised (I.o. Section 32 of MFMA  
Written off by Council  
Transfer to receivables for recovery - not condoned  
Irregular expenditure awaiting further action

2023 R	2022 R
175,924,052	167,340,746
25,584,456	8,583,305
1,903,783	-
-	-
-	-
<b>203,422,290</b>	<b>175,924,051</b>

Irregular expenditure can be summarised as follows:

Incident	Disciplinary steps/criminal proceedings	2023 R	2022 R
2018 - SCM procedures not followed 2017/2018 - competitive bidding	Expenditure will be investigated in the next financial year	49,397,969	49,397,969
2019 - SCM procedures not followed 2018/2019	Expenditure will be investigated in the next financial year	439,130	439,130
2019 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1,639,310	1,639,310
2019 - SCM procedures not followed with regards to competitive bid process, section 32	Expenditure will be investigated in the next financial year	55,780,264	55,780,264
2019 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	1,017,883	1,017,883
2020 - SCM procedures not followed with appointment process	Expenditure will be investigated in the next financial year	496,714	496,714
2020 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	38,626,053	38,626,053
2020 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	1,925,276	1,925,276
2021 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	821,167	821,167
2021 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	17,196,980	17,196,980
2022 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	830,808	830,808
2022 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	7,752,497	7,752,497
2023 - SCM procedures not followed with regards to quotations	Expenditure will be investigated in the next financial year	7,626,877	-
2023 - SCM procedures not followed with regards to competitive bidding	Expenditure will be investigated in the next financial year	17,967,579	-
2023 - Incorrect application of PPR regulations	Refer to note 1	1,903,783	-
		<b>203,422,290</b>	<b>175,924,051</b>

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

Note 1: The National Treasury is of the opinion that the municipality is incorrect applying the Preferential Procurement Regulations, 2022. The Auditor-General concluded that this matter will result in irregular expenditure of R1 903 783. The municipality will obtain further legal advice in the 2023/2024 financial year regarding this matter to determine the way forward, as the opinion of National Treasury is disputed.



48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT  
48.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance  
Council subscriptions  
Amount paid - current year  
Amount paid - previous years  
Balance unpaid (included in creditors)

2023 R	2022 R
-	(30)
1,324,045	1,303,852
(1,083,309)	(1,303,852)
-	30
<b>240,736</b>	<b>-</b>

48.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance  
Current year audit fee  
Current year audit fee  
Internal Audit  
Audit Committee  
Amount paid - current year invoice  
Amount paid - previous year invoice  
Balance unpaid (included in creditors)

2023 R	2022 R
9,677,194	7,591,630
5,154,960	3,945,564
5,154,960	3,945,564
-	-
-	-
(36,008)	-
(1,373,554)	(1,860,000)
<b>13,422,604</b>	<b>9,677,194</b>

48.3 VAT - [MFMA 125 (1)(c)]

VAT

Closing balance

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

2023 R	2022 R
10,112,464	12,297,089
<b>10,112,464</b>	<b>12,297,089</b>

48.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]

Opening balance  
Current year payroll deductions  
Amount paid - current year  
Amount paid - previous year  
Balance unpaid (included in creditors)

2023 R	2022 R
1,288,524	1,379,336
16,068,061	16,253,467
(14,864,128)	(14,564,543)
(1,288,524)	(1,379,336)
<b>1,183,954</b>	<b>1,288,924</b>

48.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Current year payroll deductions and Council Contributions  
Amount paid - current year  
Balance unpaid (included in creditors)

2023 R	2022 R
23,329,208	23,804,451
(23,329,208)	(23,804,451)
<b>-</b>	<b>-</b>

48.6 Councilor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councilors had arrear accounts for more than 90 days as at 30 June:

Executive Mayor (A. Sauls)  
R. Shute (20317)  
EF. Botha (2619)  
CL de Bruin (16414)  
VL. Pili (11508)  
S. Essop (no account)  
TCJ Prince (5345)  
Total Councilor Arrear Consumer Accounts

Outstanding more than 90 days	Outstanding more than 90 days
-	202
-	1,340
-	455
43,819	53,337
62,539	-
-	148,178
<b>106,357</b>	<b>203,011</b>



48.7 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 2023	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
Jul-22	42,419	-	-	38,885	3,534
Aug-22	221,117	-	-	72,422	148,695
Sep-22	147,679	4,387	-	139,538	3,754
Oct-22	23,621	-	-	23,621	-
Nov-22	12,482	-	-	12,482	-
Dec-22	-	-	-	-	-
Jan-23	224,614	66,632	-	123,882	34,160
Feb-23	5,431	-	-	5,431	-
Mar-23	259,866	-	-	44,161	215,705
Apr-23	53,429	-	-	8,379	45,050
May-23	52,494	-	-	52,494	-
Jun-23	38,266	-	-	10,566	27,700
	<b>1,081,419</b>	<b>71,019</b>	<b>-</b>	<b>531,912</b>	<b>478,589</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	27,826	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	6,011	-	117,818	-
Apr-22	24,095	24,095	-	-	-
May-22	-	-	-	-	-
Jun-22	-	-	-	-	-
	<b>408,043</b>	<b>236,376</b>	<b>-</b>	<b>166,148</b>	<b>5,519</b>

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

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

Range of Deviations approved by Municipal Manager

Deviations between 0 - 10 000  
Deviations between 10 001 - 30 000  
Deviations between 30 001 - 200 000  
Deviations greater than 200 001

Total Deviations	2022/23 Amounts
37	157,253
12	190,187
10	733,980
-	-
<b>59</b>	<b>1,081,419</b>

Minor breaches in SCM regulations were identified of:

R0-R2 000  
R2000-R10 000

Total	2022/23 Amounts
-	-
-	-

Deviations are disclosed inclusive of VAT

48.8 Material losses

Electricity distribution losses

Units purchased (Kwh)  
Units lost during distribution (Kwh)  
Percentage lost during distribution

2023 R	2022 R
46,809,725	52,887,769
6,637,653	18,731,951
14.18%	35.42%

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

Water distribution losses

Units purchased (kl)  
Units lost during distribution (kl)  
Percentage lost during distribution

2023 R	2022 R
3,210,737	3,177,702
2,044,062	504,110
63.66%	15.86%

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.



48.9 Other non-compliance

**MFMA Section 65(2)(a)**

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 unauthorised, 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

48.10 PURCHASES FROM MEMBERS IN SERVICE OF STATE

The following purchases were made during the 2022/23 financial year where Councillors or staff have an interest:

Company Name	Amount	Interest
Avril Catering	21,150	Son is employed at the Department of Agricultural and the daughter at Department of Social Development
Anne's Deli	41,005	Husband, Mr A Stoffles, is currently employed by the Department of Education
TSCH International Holding	33,094	Spouse, Mr E Hongwane, currently employed at City of Cape Town
G&K Projects	244,172	Spouse, Mrs Y De Wee, currently employed at Transnet
Beaufort West Luxury Coaches	8,500	Son works at the Beaufort West Municipality and daughter at Provincial traffic
Ian Dickie and Company	26,358	Spouse, Mrs M Samuels, currently employed at SAPS
Jabeja Consulting	12,015	Brother, Mr Du Plessis is employed by Department of Education

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



49. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including interest rate 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) 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:

	2023 R	2022 R
0.5% (2022: 0.5%) Increase in interest rates	103,198	55,436
0.5% (2022: 0.5%) Decrease in interest rates	103,198	(55,436)

(b) 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 for call investment deposits, bank accounts 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 to 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 debtors are payable within 30 days from invoice date. Refer to note 10 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.

	2023 %	2023 R	2022 %	2022 R
Non-Current Receivables				
Repayment arrangement	100.00%	4,562,973	100%	11,400,309
<u>Exchange Receivables</u>				
Electricity	7.77%	11,063,660	8%	9,824,520
Water	20.46%	29,171,481	25%	33,270,608
Property Rentals	2.17%	3,085,132	2%	2,259,531
Waste Management	18.45%	26,275,751	16%	21,353,440
Waste Water Management	29.97%	42,684,715	28%	36,029,002
Other	21.16%	30,129,169	21%	27,886,251
	100.00%	142,409,907	100%	130,623,962

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 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:

Exchange Receivables				
Electricity	5.51%	6,867,741	4%	4,788,517
Water	19.02%	23,714,007	23%	25,321,103
Waste Management	19.12%	23,826,266	18%	19,401,837
Waste Water Management	30.85%	38,451,208	29%	32,236,494
Housing Selling Scheme	2.12%	2,842,884	0%	34,426
Other	23.38%	29,143,667	26%	28,035,335
	100.00%	124,647,763	100%	109,817,712



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

	2023 %	2023 R	2022 %	2022 R
Other	1.43%	1,788,049	3%	2,151,013
Industrial	3.64%	4,535,712	4%	3,042,686
Residential	94.93%	118,324,003	93%	80,127,434
	<b>100.00%</b>	<b>124,647,763</b>	<b>100%</b>	<b>85,821,133</b>
Bad debts written off:			2023 R	2022 R
Exchange Receivables				
Services		100%	17,866,012	164,298

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

	2023	2022
1 month past due	-	-
2+ months past due	8,530,860	-
	<b>8,530,860</b>	<b>-</b>
1 month past due	-	-
2+ months past due	10,161,424	-
	<b>10,161,424</b>	<b>-</b>

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

The banks utilised by the municipality for current and non-current investments are all listed on the JSE. 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.

Non-current Receivables and current receivables are individually evaluated annually at end of financial year for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2023 R	2022 R
Non-Current Receivables from Exchange Transactions	3,672,455	850,237
Non-Current Receivables from Non-Exchange Transactions	890,518	281,616
Receivables from Exchange Transactions	142,409,907	130,623,952
Cash and Cash Equivalents	14,842,761	16,369,261
	<b>161,815,641</b>	<b>148,105,066</b>

(c) **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.

Consumer Deposits are disclosed at the value that could be repayable in the following year. It is unlikely that the full balance would become payable as consumer accounts are expected to remain similar year to year. By implication, if the consumer deposit is paid, a similar receipt from a different customer would be expected. The balance is however disclosed in order to indicate a conservative liquidity risk.

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 5 and 10 years	Between 5 and 10 years	More than 10 years
2023				
Long-term Borrowings	1,194,871	3,739,373	1,348,620	-
Trade and Other Payables from exchange transactions	145,230,617	-	-	-
Consumer deposits	2,490,411	-	-	-
	<b>151,915,899</b>	<b>3,739,373</b>	<b>1,348,620</b>	<b>-</b>
2022				
Long-term Borrowings	1,284,721	4,040,057	2,247,702	-
Trade and Other Payables from exchange transactions	126,919,725	-	-	-
Consumer deposits	3,841,525	-	-	-
	<b>132,045,971</b>	<b>4,040,057</b>	<b>2,247,702</b>	<b>-</b>





		2023	2022
		R	R
<b>50. FINANCIAL INSTRUMENTS</b>			
In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:			
<b>50.1 Financial Assets</b>	<b>Classification</b>	<b>2023</b>	<b>2022</b>
		R	R
<b>Non-Current Receivables</b>			
Non-current receivables	Financial Instruments at amortised cost	2,525,042	911,007
Non-current receivables from non-exchange: Housing	Financial Instruments at amortised cost	29	200,846
		<b>2023</b>	<b>2022</b>
		R	R
<b>Receivables from Exchange Transactions</b>			
Trade receivables from exchange transactions	Financial Instruments at amortised cost	16,776,641	20,955,324
Other receivables from exchange transactions	Financial Instruments at amortised cost	985,502	(149,085)
<b>Other receivables from non-exchange transactions</b>	Financial Instruments at amortised cost	-	-
		<b>2023</b>	<b>2022</b>
		R	R
<b>Cash and Cash Equivalents</b>			
Bank Balances	Financial Instruments at amortised cost	2,541,684	2,948,668
Call Investment Deposits	Financial Instruments at amortised cost	12,318,108	13,437,213
<b>Total Financial Assets</b>			
		<b>2023</b>	<b>2022</b>
		R	R
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Instruments at amortised cost:</b>			
Non-Current Receivables	Exchange and non-exchange (excluding housing)	2,525,042	911,007
Non-Current Receivables from non-exchange	Non-current receivables from non-exchange: Housing	29	200,846
Trade receivables from exchange transactions	Trade receivables from exchange transactions	16,776,641	20,955,324
Other receivables from exchange transactions	Other receivables from exchange transactions	985,502	(149,085)
Other receivables from non-exchange transactions	Other receivables from non-exchange transactions	-	-
Cash and Cash Equivalents	Bank Balances	2,541,684	2,948,668
Cash and Cash Equivalents	Call Investment Deposits	12,318,108	13,437,213
<b>Total Financial Assets</b>		<b>35,147,007</b>	<b>38,303,973</b>
		<b>2023</b>	<b>2022</b>
		R	R
<b>50.2 Financial Liabilities</b>	<b>Classification</b>		
<b>Long-term Borrowings</b>			
Annuity Loans	Financial Instruments at amortised cost	3,788,779	4,522,919
Capitalised Lease Liability	Financial Instruments at amortised cost	-	-
		<b>2023</b>	<b>2022</b>
		R	R
<b>Trade and other payables from exchange transactions</b>			
Receivables with credit balances	Financial Instruments at amortised cost	-	-
Retentions	Financial Instruments at amortised cost	2,496,054	259,806
Sundry creditors	Financial Instruments at amortised cost	-	-
Trade Payables	Financial Instruments at amortised cost	138,158,914	120,783,794
		<b>2023</b>	<b>2022</b>
		R	R
<b>Current Portion of Long-term borrowings</b>			
Annuity Loans	Financial Instruments at amortised cost	734,141	671,086
Capitalised Lease Liability	Financial Instruments at amortised cost	-	88,080
<b>Consumer deposits</b>	Financial instruments at fair value	2,490,411	3,841,525
		<b>2023</b>	<b>2022</b>
		R	R
<b>Cash and Cash Equivalents</b>			
Bank Overdraft	Financial Instruments at amortised cost	-	-
<b>SUMMARY OF FINANCIAL LIABILITIES</b>		<b>2023</b>	<b>2022</b>
		R	R
<b>Financial Instruments at amortised cost:</b>			
Long-term Borrowings	Annuity Loans	4,522,921	5,194,005
Long-term Borrowings	Capitalised Lease Liability	-	88,080
Trade and other payables from exchange transactions	Retentions	2,496,054	259,806
Trade and other payables from exchange transactions	Trade Payables	138,158,914	120,783,794
Consumer deposits	Consumer deposits	2,490,411	3,841,525
		<b>147,768,299</b>	<b>130,167,211</b>





BEAUFORT WEST MUNICIPALITY					
NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023					
				2023	2022
				R	R
52.	CONTINGENCIES				
The following guarantees qualify as contingent liabilities:					
NAME	/	REG NO	GUARANTEE ISSUED TO		
Nedbank		286	Performance guarantee no: 285/02883307: Post office	50,000	50,000
Nedbank		287	Electricity guarantee: 285/02883218: Eskom	34,700	34,700
			Electricity guarantee: 285/02883005: Eskom - Nelspoort		
Nedbank		288		41,700	41,000
				<u>126,400</u>	<u>125,700</u>
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/Minister of Water and Sanitation</u>					
In this matter the municipality received a summons from the Minister of Water and Sanitation for payment of the amount of R3311 205.85 for the payment of water charges from the periods pending from 1st April 2002 until 31 August 2016. We have entered a notice of intention to Defend and up until today we have not received any further pleadings from the Plaintiff's attorneys. At this stage we do not think this matter will proceed any further and the costs exposure would therefore be very minimal.					
<u>Beaufort West Municipality/A Damon &amp; SS Damon</u>					
In this matter the Plaintiff issued Summons against the Municipality for damages as a result of a fire that burned down their immovable property, in the amount of R836 523.64. We have defended the matter and it is trial ready. We confirm that a trial date as obtained from 9 November 2021, but due to the fact that no Judge could be allocated to this matter, the matter was removed from the court roll. Since then there was no movement on the matter and at this stage unclear if the Plaintiff intends to pursue this claim any further. The cost exposure for the municipality is the amount claimed by the Plaintiff and legal cost we estimated at +- R400 000.					
<u>Beaufort West/Africa Creek</u>					
This matter relates to a claim by Africa Creek against the municipality for payment of an amount of R15 340 344. The municipality vehemently denies liability to the claim and this matter is currently being defended in the Cape town high court. We confirm that we have filed a Notice of Intention to defend and up until date there were no further movement with respect to this matter. Our prospects to successfully defend this matter is very good. We confirm that the costs exposure for the municipality in this matter could well be between R100 000 to R250 000.					
<u>Beaufort West/JW van Wyk</u>					
This is labor matter were Applicant, Mr van Wyk, claims arrears overtime money. The applicant did not disclose an amount that was due to him and at this stage we are not in a position to establish the financial exposure for Beaufort West Municipality. We have received a directive from the Labour court to file a notice of condonation as well as our answering statement and was subsequently filed. We are now waiting the Labour court to furnish us with a date for the matter to be heard. Our prospect to successfully defend this matter is good.					
<u>Beaufort west municipality/traffic violation solutions (Pty) Ltd</u>					
This is a matter that was previously attended to by Messrs Ngwane Attorneys who subsequently withdrew from record as attorneys of the Municipality. The Municipality requested Crawford Attorneys to come on record as the attorneys for the municipality in this matter. Traffic Violations Solutions issued a summons against the municipality in terms of a SLA between Traffic Violations Solutions and Beaufort West Municipality in terms whereof they claim damages to the amount of R1 327.01 as well as the amount of R3 197 754, currently in the					
The municipality's attorneys are currently in the process of defending this claim.					
<u>Beaufort west municipality &amp; T Prince/J Booysse</u>					
We confirm that this an application by Mr Booysen challenging the decision of the municipality to appoint Mr Hendrik Truman Prince as the Director of Community Services. This application was issued on 19 July 2019 out of the Labour Court and has since been argued in the Labour Court and now await judgement of the Labour Court. We confirm that the matter was argued during November last year and until date we have not received the judgement.					
<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 2023. 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>Beaufort West/SARS</u>					
The separation of funding and implementation responsibilities often results in unfunded mandates being imposed on municipalities. Beaufort West Municipality is not assigned a library function and is also not acting formally in terms of an SLA as agent of the Western Cape Provincial Government (WCPG), but it is also expected to contribute financially to the provision of library services. The municipality is therefore unclear on the VAT treatment on contributions received from the WCPG, till such time that clarity is obtained it will be disclosed as a contingent liability. The calculation is based on all receipts for the past 5 years, with interest as per the latest rates of SARS.					
<u>Beaufort West/DA councillors</u>					
This is the matter where the municipality claim payment from certain councillors of the DA as well as certain employees of the Democratic Alliance for salaries that was paid to them in error. Furthermore we confirm that we are the Plaintiffs in this matter and that the defendants pleaded several special pleas and that the special pleas was argued during January 2021 in the High court. The judgement was forwarded to the Municipal Manager we were successful in the defence of the special pleas that was pleaded by the Defendants. This court also ordered the defendants to pay the legal fees of the municipality. We confirm that the party and the party costs were taxed and we have already received payment of the taxed amount. The judgement relates only to a preliminary issue, but the main trial must still proceed and at this stage we are in the process of applying for a date of trial in the High court. Our prospects of success in order to claim the monies from the DA councillors is in our opinion very good. The cost exposure for the municipality could be between R200 000 and R300 000.					
<u>Murraysburg Landfill site</u>					
The landfill site license 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.					
<u>GAP Management</u>					
GAP Management made an application to high court to compel the municipality to decide their appeal that was submitted in terms of section 62 of the municipal system Act 33/2000. In the meantime, we received the decision of the current acting Municipal Manager with regards to the Appeal of GAP Management and it was subsequently furnished to the Legal Representatives acting on behalf of GAP Management. We confirm that there is indeed a cost implication for the municipality for the taxed costs of the legal representatives of GAP. Furthermore, we confirm that we now received the notice of taxation from our opponents and we have instructions to vigorously oppose this taxation. At this stage the possible cost implication is not clear.					
				<u>12,880,930</u>	<u>3,961,206</u>
CONTINGENT ASSETS					
BANK / FIRM	PURPOSE	REG NO		2023	2022
				R	R
First National Bank	Electricity supply: 163/396	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)				
Rand Merchant Bank o.b.o R. Koster t/a RA Koster	Guarantee Nr-G900/0595814/GLO: Supply of water and electricity to 13 Bird Street (Beaufort Manor)	270		222,000	222,000
Rand Merchant Bank o.b.o R. Koster t/a RA Koster	Guarantee Nr-G900/0595862/GLO: Supply of water and electricity to 7 Bird Street (Beaufort Manor)	301		31,300	31,300
Rand Merchant Bank o.b.o De Jagers Loodgieters Kontrakteurs (Edms) Bpk	Merweville Reservoir: Construction of 500Ml Reservoir	302		21,100	21,100
WFJ Services (Pty) Ltd o.b.o Active Phambili Civils	Murraysburg Reservoirs: Construction of a 200Ml and 400 Ml reservoir	331		-	258,127
First Rand Bank (RMB) o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Performance Guarantee: Guarantee No. OGT0672ZA0043595: Tender No. SCM 29/2023: Upgrading of Murraysburg Roads and Stormwater	333		-	185,457
First Rand Bank (RMB) o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Guarantee No. OGT0672ZA0044386: Contract Number SCM 39/2023: Murraysburg Boreholes: Development and equipping of boreholes in Murraysburg: Mechanical, electrical and civil work	336		344,849	-
PCBS Construction & Costoms Bond Services (Pty) Ltd - Bryle o.b.o. ZABS Eteerouse (Pty) Ltd	Guarantee Number: JBCC20230327/001: Tender: SCM 37/2023: New Ablution Block, Pavilion and upgrading and renovation of existing Ablution	338		1,283,715	-
First Rand Bank (RMB) o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee Number: OGT0672ZA0045919: Contract No. SCM 32/2023: Merweville Boreholes, development and equipping of boreholes in Merweville: Mechanical, electrical and civil works	339		190,491	-
First Rand Bank (RMB) o.b.o. De Jagers Loodgieter Kontrakteurs (Edms) Bpk	Retention Guarantee: Guarantee No. OGT0672ZA0045918: Contract Number SCM 39/2023: Murraysburg Boreholes: Development and equipping of boreholes in Murraysburg: Mechanical, electrical and civil work	340		525,328	-
		341		641,852	-
				<u>3,277,991</u>	<u>734,348</u>



	2023 R	2022 R
<b>53. RELATED PARTIES</b>		
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.		
Services rendered to key management personnel occurred within normal supplier and customer relationships on terms and conditions no more or less favourable than those which the municipality is reasonable to expect to have adopted if dealing with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality's legal mandate.		
The amounts outstanding are unsecured and will be settled in cash.		
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.		
<b>53.2 Related Party Loans</b>		
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.		
<b>53.3 Compensation of key management personnel</b>		
The compensation of key management personnel is set out in note 33 and 34 to the Annual Financial Statements.		
<b>54. FINANCIAL SUSTAINABILITY</b>		
<b>Financial Indicators</b>		
The current ratio increased to 0.61:1 from 0.64:1 in the prior year.		
The municipality have budgeted for a surplus of R15 257 996 for the 2022/2023 financial year. The municipality is also budgeting for positive cash flows during 2023/2024 and 2024/2025 amounting to R3 374 662 and R10 628 014 respectively.		
The municipality had an actual deficit of R19,005,299 (2022-R-31,627,462) for the current year.		
The average debtors' payment days increased to 760 days from 753 days.		
The average creditors payment period increased to 367 days from 355 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 of R65,387,002 (2022-R53,159,443)		
The municipality had a positive bank balance with Nedbank to an amount of R1 888 046 (2022-R2 643 186) as per the bank statement		
The bank balance as per the cash book (primary account) for the current year is of R2,010,264 (2022-R2,821,384)		
The was an increase in cash and cash equivalents for the current year of R-1,526,088 (2022-R24,664,406)		
The municipality had call investment deposits for the current year of R12,318,108 (2022-R13,437,213)		
The outstanding balances in respect of external loans amounts to R4,522,921 (2022-R5,282,085)		
The Municipality has signed repayment agreements with Eskom, Izalo, Water & Waste management, Mubeso Africa, SALGA, Contour, Max Prof, Crawfords, Adv BJ Metembo to repay long outstanding accounts.		
Possible outflow of resources due the contingent liability disclosed in note 52.		
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.		
<b>55. EVENTS AFTER REPORTING PERIOD</b>		
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.		
<b>56. PRINCIPAL/AGENT AGREEMENTS</b>		
<b>Agent: Provincial Department of Transport and Public Works</b>		
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 Trade and other 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.		
	2023 R	2022 R
<b>Compensation received for agency activities</b>		
Commission	1,179,795	462,007
<b>Total Compensation received</b>	<b>1,179,795</b>	<b>462,007</b>
There are no resources under the custodianship of the Municipality, nor have they been recognised as such.		
<b>Principal arrangement: Traffic services</b>		
The municipality has a service provider TCS 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.		
	2023 R	2022 R
Commission paid to the agent:	179,951	-
The commission payable to the agent various depending on the fines collected for the month. An average commission of 40% (2022-45%) was paid to the agent.		
<b>Principal arrangement: Pre-paid</b>		
The municipality has a service providers Contour 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.		
	2023 R	2022 R
Commission paid to the agent:	692,962	872,235
The commission will vary between 1%-4.6% depending on the method of payment (Contour).		
<b>Principal arrangement: Lihaba Travel</b>		
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.		
There is no cost implication to the municipality if the arrangement is terminated.		
As no resources of the municipality is held by the service provider, no significant risks has been transferred.		
	2023 R	2022 R
Commission paid to the agent (12% commission)	13,499	20,086
<b>Principal arrangement: Easyway</b>		
The municipality has a service provider Easyway 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		
There is no cost implication to the municipality if the arrangement is terminated.		
Commission paid to the agent:	144,700	139,941
Commission between 1-2% per amounts collected.		

## 57. REPORTABLE SEGMENTS REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 section 71 schedule that provides actual amounts at that time per both the department and function.

The key functional segments comprise of:

**PRIMARY SEGMENTS - 2022/2023 FINANCIAL YEAR**

Vote 1 - Municipal Manager  
Vote 2 - Directorate: Infrastructure Services  
Vote 3 - Directorate: Electro-technical Services  
Vote 4 - Directorate: Corporate Services  
Vote 5 - Directorate: Financial Services  
Vote 6 - Directorate: Community Services

**PRIMARY SEGMENTS - 2021/2022 FINANCIAL YEAR**

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:

**PRIMARY SEGMENTS**

Functional Segments	Sub vote	Aggregation	Reportable Segment
<b>Vote 1 - Executive &amp; Council</b>	1.1 - Office of the Executive Mayor	Aggregated	Governance and Administration
	1.2 - Office of the Executive Deputy Mayor	Aggregated	Governance and Administration
	1.3 - Office of the Speaker	Aggregated	Governance and Administration
	1.4 - Portfolio Committees	Aggregated	Governance and Administration
	1.5 - Council General	Aggregated	Governance and Administration
<b>Vote 2 - Municipal Manager</b>	2.1 - Office of the Municipal Manager	Aggregated	Governance and Administration
	2.2 - Internal Audit	Aggregated	Governance and Administration
	2.3 - Cargo Caves	Aggregated	Governance and Administration
	2.4 - Strategic Services	Aggregated	Governance and Administration
	2.5 - Risk Management	Aggregated	Governance and Administration
	2.6 - Performance Management	Aggregated	Governance and Administration
<b>Vote 3 - Corporate Services</b>	3.1 - Office of HOD - Corporate Services	Aggregated	Governance and Administration
	3.2 - Council Support	Aggregated	Governance and Administration
	3.3 - Administration & Archives	Aggregated	Governance and Administration
	3.4 - Human Resources	Aggregated	Governance and Administration
	3.5 - Contract & Legal Services	Aggregated	Governance and Administration
	3.6 - Information Technology	Aggregated	Governance and Administration
<b>Vote 4 - Financial Services</b>	4.1 - Office of the CFO	Aggregated	Governance and Administration
	4.2 - Income	Aggregated	Governance and Administration
	4.3 - Expenditure	Aggregated	Governance and Administration
	4.4 - Information Technology	Aggregated	Governance and Administration
	4.5 - Financial Accounting	Aggregated	Governance and Administration
	4.6 - Supply Chain Management	Aggregated	Governance and Administration
<b>Vote 5 - Community and Public Safety</b>	5.1 - Office of HOD - Community Services	Aggregated	Community and Public Safety
	5.2 - Protection Services	Aggregated	Community and Public Safety
	5.3 - Parks & Recreation	Aggregated	Community and Public Safety
	5.4 - Library Services	Aggregated	Community and Public Safety
	5.5 - Cleansing Services	Aggregated	Community and Public Safety
	5.6 - Development & Planning	Aggregated	Community and Public Safety
	5.7 - Human Settlement	Aggregated	Community and Public Safety
	5.8 - Council Buildings & Halls	Aggregated	Community and Public Safety
	5.9 - Airport	Aggregated	Community and Public Safety
<b>Vote 6 - Technical Services</b>	6.1 - Office of HOD - Technical Services	Aggregated	Technical Services
	6.2 - Electro-Technical Services	Aggregated	Technical Services
	6.3 - Job Creation	Aggregated	Technical Services
	6.4 - Civil Engineering Services	Aggregated	Technical Services
	6.5 - Rural Water	Aggregated	Technical Services
	6.6 - Workshop	Aggregated	Technical Services
	6.7 - Sewerage	Aggregated	Technical Services
	6.8 - Human Settlement	Aggregated	Governance and Administration
<b>Vote 7 - Human Settlement</b>	7.1 - Human Settlement	Aggregated	Governance and Administration
	7.2 - Corporate Wide Strategic Services	Aggregated	Governance and Administration
	7.3 - Town Planning	Individually Reported	Town Planning
<b>Vote 8 - Strategic Services</b>	8.1 - Corporate Wide Strategic Services	Aggregated	Governance and Administration
	8.2 - IDP	Aggregated	Governance and Administration

**SECONDARY SEGMENTS****Mscoc Functional Segments identified**

<b>Mscoc Functional Segments identified</b>	<b>Aggregation</b>	<b>Aggregation</b>	<b>Reportable Segment</b>
• <b>Governance and Administration</b>	Executive and council	Aggregated	Governance and Administration
	Finance and administration	Aggregated	Governance and Administration
	Internal audit	Aggregated	Governance and Administration
• <b>Community and public safety</b>	Community and social services	Aggregated	Community and public safety
	Sport and recreation	Aggregated	Community and public safety
	Public safety	Aggregated	Governance and Administration
	Health services	Aggregated	Governance and Administration
	Housing services	Aggregated	Governance and Administration
• <b>Economic and environmental services</b>	Planning and development	Individually Reported	Economic and environmental serv
	Road transport	Aggregated	Governance and Administration
	Environmental protection services	Aggregated	Governance and Administration
• <b>Trading services</b>	Energy sources	Individually Reported	Energy sources
	Water management	Individually Reported	Water management
	Waste water management	Individually Reported	Waste water management
	Waste management service	Individually Reported	Waste management service
• <b>Other</b>	Abattoirs	Aggregated	Governance and Administration
	Air Transport	Aggregated	Other
	Forestry	Aggregated	Governance and Administration
	Licensing and Regulation	Aggregated	Other
	Markets	Aggregated	Governance and Administration
	Tourism	Aggregated	Other

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

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

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

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

BEAUFORT WES LOCAL MUNICIPALITY

PRIMARY REPORTABLE SEGMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Municipal Manager	Infrastructure Services	Electro-technical Services	Corporate Services	Financial Services	Community Services	Total
	R	R	R	R	R		R
<b>SEGMENT REVENUE</b>							
External revenue from exchange transactions	-	111,689,457	-	1,480,778	16,098,594	14,094,468	143,363,298
Service Charges	-	105,902,660	-	-	11,030,374	10,497,935	127,430,969
Sales of Goods and Rendering of Services	-	182,955	-	16,070	184,835	425,674	809,533
Rental from Fixed Assets	-	-	-	1,261,137	20,381	100,958	1,382,476
Interest Earned - External Investments	-	-	-	-	2,121,363	-	2,121,363
Interest Earned - Exchange Transactions	-	5,603,841	-	-	358,389	1,890,107	7,852,336
Licences and Permits	-	-	-	-	-	-	-
Agency Services	-	-	-	-	-	1,179,795	1,179,795
Operational Revenue	-	3	-	203,571	2,383,252	-	2,586,825
External revenue from non-exchange transactions	9,579,282	75,071,596	-	44,254,945	91,837,370	19,784,558	240,527,751
Property Rates	-	-	-	-	45,596,846	-	45,596,846
Government Grants and Subsidies - Capital	-	50,185,565	-	417,997	-	2,128,616	52,732,178
Government Grants and Subsidies - Operating	9,579,282	22,318,280	-	43,421,513	2,085,000	14,392,662	91,796,737
Contributed Property, Plant and Equipment	-	2,551,882	-	409,082	-	4,300	2,965,264
Fines, Penalties and Forfeits	-	15,870	-	6,354	41,560,600	3,085,350	44,668,173
Interest Earned - Non-exchange Transactions	-	-	-	-	2,587,362	-	2,587,362
Licences and Permits	-	-	-	-	7,563	173,630	181,192
<b>Total Segment Revenue</b>	<b>9,579,282</b>	<b>186,761,054</b>	<b>-</b>	<b>45,735,723</b>	<b>107,935,964</b>	<b>33,879,026</b>	<b>383,891,049</b>
<b>SEGMENT EXPENDITURE</b>							
Employee related costs	7,370,225	41,395,333	-	17,008,023	19,360,075	37,307,133	122,440,789
Remuneration of Councillors	-	-	-	6,265,821	-	-	6,265,821
Bad Debts Written Off	-	-	-	-	17,866,012	-	17,866,012
Contracted Services	2,641,354	4,233,940	-	3,880,825	8,843,425	1,432,066	21,031,610
Depreciation and Amortisation	23,909	18,029,261	-	540,405	303,955	6,120,071	25,017,601
Finance Costs	0	484,930	-	3,184,231	6,190,301	1,608,404	11,467,866
Bulk Purchases	-	87,019,972	-	-	-	-	87,019,972
Inventory Consumed	1,055	4,005,675	-	202,645	132,033	384,385	4,725,794
Operating Leases	-	-	-	-	-	-	-
Transfers and Subsidies	412,500	-	-	175,200	-	-	587,700
Operational Costs	1,160,751	13,766,870	-	7,621,407	7,340,700	4,036,730	33,926,458
<b>Total Segment Expenditure</b>	<b>11,609,793</b>	<b>168,935,982</b>	<b>-</b>	<b>38,878,559</b>	<b>60,036,499</b>	<b>50,888,789</b>	<b>330,349,622</b>
<b>Surplus/(Deficit)</b>	<b>(2,030,512)</b>	<b>17,825,072</b>	<b>-</b>	<b>6,857,165</b>	<b>47,899,465</b>	<b>(17,009,762)</b>	<b>53,541,427</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-	-	171,435	-	171,435
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	(6,686,843)	-	-	(2,775,267)	(33,382,247)	(42,844,356)
Gains/(Loss) on Sale of Fixed Assets	-	-	-	-	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	(223,687)	-	2,013,300	1,502,175	878,570	4,170,358
Actuarial gain/(loss)	-	-	-	-	3,966,436	-	3,966,436
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>	<b>(49,513,439)</b>	<b>19,005,299</b>
Taxation	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>		<b>19,005,299</b>
Attributable to Minorities	-	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>		<b>19,005,299</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(2,030,512)</b>	<b>10,914,542</b>	<b>-</b>	<b>8,870,465</b>	<b>50,764,244</b>	<b>(49,513,439)</b>	<b>19,005,299</b>
<b>Capital expenditure per segment</b>	<b>-</b>	<b>44,370,961</b>	<b>-</b>	<b>1,405,722</b>	<b>38,897</b>	<b>4,925,229</b>	<b>50,740,809</b>



AUDITOR - GENERAL  
SOUTH AFRICA

30 November 2023

Auditing to build public confidence

BEAUFORT WEST MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

BEAUFORT WEST 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
<b>SEGMENT REVENUE</b>						
External revenue from exchange transactions	46,064	1,420,563	16,304,691	124,360,369	943,984	143,075,672
Service Charges	-	-	10,544,165	120,164,718	-	130,708,883
Sales of Goods and Rendering of Services	0	-	134,193	84,672	441,611	660,477
Rental from Fixed Assets	36,855	1,275,304	-	-	40,607	1,352,766
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	2,742,792	-	(242)	2,897,019
<b>External revenue from non-exchange transactions</b>	<b>36,750,146</b>	<b>919,351</b>	<b>72,337,902</b>	<b>45,844,236</b>	<b>13,890,480</b>	<b>169,742,114</b>
Property Rates	-	-	40,235,240	-	-	40,235,240
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
Fines, Penalties and Forfeits	-	-	28,260,431	222	2,248,635	30,509,289
Interest Earned - Non-exchange Transactions	-	-	1,628,231	-	-	1,628,231
Licences and Permits	-	-	-	-	120,452	120,452
<b>Total Segment Revenue</b>	<b>36,796,211</b>	<b>2,339,914</b>	<b>88,642,593</b>	<b>170,204,605</b>	<b>14,834,464</b>	<b>312,817,786</b>
<b>SEGMENT EXPENDITURE</b>						
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	2,124,385	1,142,670	6,303,708	2,078,577	1,897,886	13,547,225
Depreciation and Amortisation	-	118,859	23,704,544	276,814	-	24,100,218
Finance Costs	1,426,052	22,564	9,641,183	610,604	285	11,700,687
Bulk Purchases	-	-	-	86,429,430	-	86,429,430
Inventory Consumed	99,512	408,964	338,639	2,994,051	513,322	4,354,489
Operating Leases	-	-	-	-	-	-
Transfers and Subsidies	500,000	-	-	-	-	500,000
Operational Costs	5,106,367	5,264,438	4,425,270	4,816,843	4,070,191	23,683,109
<b>Total Segment Expenditure</b>	<b>12,212,583</b>	<b>31,638,265</b>	<b>56,750,087</b>	<b>139,659,940</b>	<b>55,368,484</b>	<b>295,629,360</b>
<b>Surplus/(Deficit)</b>	<b>24,583,627</b>	<b>(29,298,351)</b>	<b>31,892,506</b>	<b>30,544,664</b>	<b>(40,534,021)</b>	<b>-</b>
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	-	-	(5,636,813)	(23,251,588)	(16,543,327)	(45,431,727)
Gains/(Loss) on Sale of Fixed Assets	-	(1,543,655)	-	-	-	(1,543,655)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	-	-	-	(336,906)	-	(336,906)
Actuarial gain/(loss)	-	-	(1,503,600)	-	-	(1,503,600)
<b>Surplus/(Deficit) after Capital Transfers &amp; Contributions</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>-</b>
Taxation	-	-	-	-	-	-
<b>Surplus/(Deficit) after Taxation</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>(31,627,462)</b>
Attributable to Minorities	-	-	-	-	-	-
<b>Surplus/(Deficit) Attributable to Municipality</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>(31,627,462)</b>
Share of Surplus/(Deficit) of Associate	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>24,583,627</b>	<b>(30,842,006)</b>	<b>24,752,093</b>	<b>6,956,171</b>	<b>(57,077,347)</b>	<b>(31,627,462)</b>
<b>Capital expenditure per segment</b>	<b>-</b>	<b>30,319</b>	<b>-</b>	<b>10,247,303</b>	<b>5,362,207</b>	<b>15,639,829</b>





**APPENDIX A**  
**BEAUFORT WEST LOCAL MUNICIPALITY**

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 2023
<b>LONG-TERM LOANS</b>									
<b>ANNUITY LOANS</b>									
<b>General</b>									
Sewerage Farm Merweville		6.75%	DBSA	103464/2	31/12/2024	669,824	-	(254,683)	415,141
Entrance Road Industrial Area		10.17%	Nedbank	57831033947/1	30/06/2020	0	-	-	0
<b>Electricity</b>									
20MVA Transformer - Sub Station		10.90%	DBSA	103464/1	31/12/2029	2,746,179	-	(252,757)	2,493,422
<b>Water Works</b>									
Farm Hansrivier		10.90%	DBSA	103464/1	31/12/2029	1,379,876	-	(127,003)	1,252,873
Pressure Control System		10.90%	DBSA	103464/1	31/12/2029	398,128	-	(36,643)	361,485
<b>Total Annuity Loans</b>						<b>5,194,007</b>	<b>-</b>	<b>(671,086)</b>	<b>4,522,921</b>
<b>CAPITALISED LEASE LIABILITY</b>									
Machine Photocopy MP301 SPF Mono MFP	W918P901293	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901494	10.50%	Ricoh	Traffic court	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901485	10.50%	Ricoh	Stores	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901488	10.50%	Ricoh	Fire Brigade	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901302	10.50%	Ricoh	Mechanical Workshop	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901295	10.50%	Ricoh	Vehicle registration	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901292	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901449	10.50%	Ricoh	Kwa Mandlenkosi Office	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901487	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901484	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901470	10.50%	Ricoh	Murraysburg Administration	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901291	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901299	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901489	10.50%	Ricoh	Thusong Centre	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901298	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901486	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901493	10.50%	Ricoh	General Expenses	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918PA00934	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901495	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901301	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901296	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901490	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901297	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901294	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy MP301 SPF Mono MFP	W918P901300	10.50%	Ricoh	Dir: Financial Services	31/07/2022	863	-	(863)	-
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900044	10.50%	Ricoh	Stores	31/07/2022	1,651	-	(1,651)	-
Machine Photocopy Ricoh MP3555 SP Mono MFP	C368P900077	10.50%	Ricoh	Housing Office	31/07/2022	1,651	-	(1,651)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810435	10.50%	Ricoh	Library Church street	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810157	10.50%	Ricoh	Library Church street	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910385	10.50%	Ricoh	Dir: Engineers Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810438	10.50%	Ricoh	Dir: Electricity Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810598	10.50%	Ricoh	Dir: Community Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810427	10.50%	Ricoh	Dir: Financial Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810097	10.50%	Ricoh	Library Nelspoort	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810684	10.50%	Ricoh	Murraysburg Library	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R910379	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810710	10.50%	Ricoh	Wheely Wagon Kwa Mandlenkosi	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC3504 EXSP Colour MFP	C728R810151	10.50%	Ricoh	Library Mimosa	31/07/2022	2,172	-	(2,172)	-
Machine Photocopy Ricoh MPC 6503 SP	C068CC30004	10.50%	Ricoh	Dir: Corporate Services	31/07/2022	6,080	-	(6,080)	-
Sedan Etios	CZ10906	10.25%	Egstra	Dir: Financial Services	28/02/2022	33,237	-	(33,237)	-
<b>TOTAL EXTERNAL LOANS</b>						<b>88,090</b>	<b>-</b>	<b>(88,090)</b>	<b>-</b>
						<b>5,282,097</b>	<b>-</b>	<b>(759,176)</b>	<b>4,522,921</b>

**APPENDIX B**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2022 Actual Income R</b>	<b>2022 Actual Expenditure R</b>	<b>2022 Surplus/ (Deficit) R</b>		<b>2023 Actual Income R</b>	<b>2023 Actual Expenditure R</b>	<b>2023 Surplus/ (Deficit) R</b>
			<b>Governance and Administration</b>			
27,343,322	13,237,281	14,106,042	Executive and council	46,260,116	22,215,376	24,044,740
99,010,091	102,896,406	(3,886,315)	Finance and administration	123,683,107	90,184,409	33,498,699
			<b>Community and Public Safety</b>			
12,724,452	15,332,623	(2,608,171)	Community and social services	8,313,829	17,451,450	(9,137,621)
468,418	1,711,393	(1,242,975)	Sport and recreation	2,208,721	3,697,907	(1,489,186)
2,817,689	37,700,105	(34,882,416)	Public safety	4,443,075	48,525,724	(44,082,649)
249,450	239,875	9,576	Housing	164,827	1,730,711	(1,565,884)
			<b>Economic and Environmental Services</b>			
1,940,187	5,240,813	(3,300,626)	Planning and development	1,134,807	5,596,765	(4,461,957)
-	10,729,216	(10,729,216)	Road transport	3,697,111	15,730,046	(12,032,935)
			<b>Trading Services</b>			
97,291,468	90,178,707	7,112,762	Energy sources	116,532,831	98,165,611	18,367,220
31,528,841	33,641,933	(2,113,092)	Water management	46,202,938	28,138,095	18,064,842
26,290,792	13,632,630	12,658,162	Waste water management	29,080,991	20,680,390	8,400,602
13,153,316	17,959,057	(4,805,742)	Waste management	19,022,358	16,907,136	2,115,221
312,818,027	342,500,039	(29,682,012)	Sub Total	400,744,712	369,023,621	31,721,091
(1,945,450)		(1,945,450)	Less Inter-Departmental Charges	(12,715,792)		(12,715,792)
310,872,578	342,500,039	(31,627,462)	<b>Total</b>	388,028,920	369,023,621	19,005,299

**APPENDIX C**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**  
**MUNICIPAL VOTES CLASSIFICATIONS**

<b>2022 Actual Income R</b>	<b>2022 Actual Expenditure R</b>	<b>2022 Surplus/ (Deficit) R</b>		<b>2023 Actual Income R</b>	<b>2023 Actual Expenditure R</b>	<b>2023 Surplus/ (Deficit) R</b>
			<b>Municipal Manager</b>			
8,108,155	6,900,851	1,207,304	Municipal Manager	9,579,282	11,609,793	(2,030,512)
19,235,168	7,829,741	11,405,427	Mayor and Council	36,680,835	12,270,126	24,410,708
			<b>Chief Financial Officer</b>			
88,679,448	61,442,634	27,236,814	Budget and Treasury Office	112,139,242	61,309,867	50,829,375
			<b>Director: Administration</b>			
11,755,947	33,224,785	(21,468,838)	Corporate Services	12,805,003	19,665,329	(6,860,326)
1,940,187	10,931,312	(8,991,125)	Planning and Development	390,654	10,160,885	(9,770,231)
			<b>Director: Community Services</b>			
14,116,837	46,155,212	(32,038,375)	Community and Social Services	14,047,648	60,826,433	(46,778,785)
468,418	1,711,393	(1,242,975)	Sport and Recreation	2,208,721	4,576,477	(2,367,756)
-	4,765,485	(4,765,485)	Public Safety	-	6,134,537	(6,134,537)
249,450	239,875	9,576	Housing	164,827	1,730,711	(1,565,884)
			<b>Director: Technical Services</b>			
-	13,886,425	(13,886,425)	Road Transport	3,697,111	17,964,013	(14,266,901)
97,291,468	90,178,707	7,112,762	Electricity	116,532,831	98,165,611	18,367,220
31,528,841	33,641,933	(2,113,092)	Water	46,947,091	28,875,338	18,071,753
26,290,792	13,632,630	12,658,162	Waste Water Management	29,080,991	20,680,390	8,400,602
13,153,316	17,959,057	(4,805,742)	Waste Management	16,470,476	15,054,110	1,416,365
312,818,027	342,500,039	(29,682,012)	Sub Total	400,744,712	369,023,621	31,721,091
(1,945,450)		(1,945,450)	Less Inter-Departmental Charges	(12,715,792)		(12,715,792)
310,872,578	342,500,039	(31,627,462)	<b>Total</b>	388,028,920	369,023,621	19,005,299

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 2023  
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Impairment				Accumulated Depreciation					Carrying Value	
	Opening Balance	Correction of Error	Transfers	Additions	Change in landfill site	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals		Closing Balance
Budget & Treasury	7,674,637		-	618,374		(1,536,126)	6,756,884	3,500	-		3,500	6,640,659		526,593	(1,536,126)	5,631,126	1,122,258
Community & Social Services	2,892,674		-	-		(531,055)	2,361,619	-	-		-	2,421,484		246,043	(531,055)	2,136,472	225,147
Corporate Services	192,132,157		-	3,195,292		(568,638)	194,758,811	16,503,748	(3,800,398)		12,703,350	45,555,225		4,680,824	(568,638)	49,667,411	132,388,050
Electricity	137,746,727		-	16,512,029		(293,386)	153,965,370	108,312	223,687		331,999	43,792,836		3,173,436	(293,386)	46,672,887	106,960,484
Executive & Council	340,111		-	-		(6,164)	333,947	-	-		-	266,716		26,067	(6,164)	286,619	47,329
Housing	58,759		-	-		(51,219)	7,540	-	-		-	54,416		3,756	(51,219)	6,953	587
Planning & Development	1,201,854		-	2,560,890		(209,511)	3,553,233	-	-		-	1,045,891		503,310	(209,511)	1,339,690	2,213,543
Public Safety	2,539,773		-	-		(712,573)	1,827,200	-	-		-	1,208,767		362,857	(712,573)	859,051	968,149
Road Transport	197,721,963	0		3,253,644		(1,106,830)	199,868,777	-	-		-	117,622,463		5,570,093	(1,106,830)	122,085,726	77,783,051
Sport & Recreation	17,584,436		-	-		(3,860)	17,580,576	593,647	(593,647)		-	8,025,694		1,469,325	(3,860)	9,491,359	8,089,217
Waste Management	11,688,159		-	-		-	11,688,159	-	-		-	10,793,407		-	-	10,872,541	815,618
Waste Water Management	105,914,513		-	-		(67,407)	105,847,106	-	-		-	57,080,543		4,273,929	(67,407)	61,287,066	44,560,041
Water	120,429,577		-	24,930,579		(460,287)	144,599,869	-	-		-	52,919,172		4,102,233	(460,287)	56,561,118	88,008,752
	797,925,338	-	0	50,740,809	-	(5,547,855)	843,119,093	17,209,207	(4,170,358)	-	13,038,849	347,427,472	-	25,017,691	(5,547,855)	366,898,018	463,192,225

**APPENDIX E**  
**BEAUFORT WES LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR 30 JUNE 2023**

Grant Description	Balance 1 July 2022	Correction of Error	Balance 1 July 2022	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	Balance 30 June 2023
<b><u>National Government Grants</u></b>										
Equitable share	-		-	77,265,000			-	(77,265,000)	-	-
Municipal Infrastructure Grant (MIG)	1,040,309		1,040,309	9,553,000			(1,040,309)	(744,153)	(5,858,943)	2,949,903
Integrated National Electrification Programme Grant (INEP)	5,614,384		5,614,384	11,000,000			-	-	(16,601,949)	12,434
Water Services Infrastructure Grant (WSIG)	-		-	28,439,000			-	-	(28,438,288)	712
Local Government Financial Management Grant (FMG)	-		-	2,085,000			-	(2,085,000)	-	-
Expanded Public Works Programme Integrated Grant (EPWP)	-		-	1,136,000			-	(789,596)	-	346,404
<b>Total National Government Grants</b>	<b>6,654,693</b>	<b>-</b>	<b>6,654,693</b>	<b>129,478,000</b>	<b>-</b>	<b>-</b>	<b>(1,040,309)</b>	<b>(80,883,749)</b>	<b>(50,899,181)</b>	<b>3,309,454</b>
<b><u>Provincial Government Grants</u></b>										
Provincial Treasury : Western Cape Financial Management Capacity Building Grant	250,000		250,000	100,000			-	-	-	350,000
Western Cape Municipal Recovery Services Grant	-		-	1,993,000			-	(1,993,000)	-	-
Human Settlements : Municipal Accreditation and Capacity Building Grant	(91,173)		(91,173)	256,000			-	(164,827)	-	1
Transport & Public Works : Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-		-	-			-	-	-	-
Cultural Affairs & Sport: Library Service - Replacement Funding for most vulnerable B3 Municipalities	1,098,401		1,098,401	6,679,000			(1,098,401)	(6,583,742)	-	95,258
Department of Local Government : Community Development Workers (CDW) Operational Support Grant	164,985		164,985	223,000			-	(365,904)	-	22,081
Department of Local Government : Local Government Public Employment Support Grant	1,035,734		1,035,734	-			-	(1,035,734)	-	(0)
Department of Local Government : Western Cape Municipal Interventions Grant	-		-	480,000			-	(179,941)	(300,000)	60
Department of Local Government: Emergency Municipal Load Shedding Relief Grant	-		-	1,115,000			-	-	(1,115,000)	-
Department of Local Government : Municipal Drought Relief Grant	28,118		28,118	-			(28,118)	-	-	-
<b>Total Provincial Government Grants</b>	<b>2,486,065</b>	<b>-</b>	<b>2,486,065</b>	<b>10,846,000</b>	<b>-</b>	<b>-</b>	<b>(1,126,519)</b>	<b>(10,323,147)</b>	<b>(1,415,000)</b>	<b>467,399</b>
<b><u>District Municipality</u></b>										
Central Karoo District Municipality	290,607	-	290,607	200,000				(414,641)		<b>75,966</b>
<b>Total District Municipality Grants</b>	<b>290,607</b>	<b>-</b>	<b>290,607</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(414,641)</b>	<b>-</b>	<b>75,966</b>
<b><u>Other Grant Providers</u></b>										
Services SETA	1,400,000	-	1,400,000	-		-	-	-	(417,997)	982,003
Chemical Industries Education & Training Authority	-		-	313,575				(175,200)	-	138,375
<b>Total Other Grant Providers</b>	<b>1,400,000</b>	<b>-</b>	<b>1,400,000</b>	<b>313,575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(175,200)</b>	<b>(417,997)</b>	<b>1,120,378</b>
<b>Total Grants</b>	<b>10,831,365</b>	<b>-</b>	<b>10,831,365</b>	<b>140,837,575</b>	<b>-</b>	<b>-</b>	<b>(2,166,828)</b>	<b>(91,796,737)</b>	<b>(52,732,178)</b>	<b>4,973,197</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Description	2022/2023						2021/2022		
	Original Budget	Budget Adjustments (i.t.o. MFMA s28 )	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	47,808	–	47,808	45,597		(2,211)	-4.6%	-4.6%	40,235
Service charges	169,778	9,440	160,338	127,431		(32,907)	-20.5%	-24.9%	130,709
Investment revenue	8,302	(5,855)	14,157	12,561		(1,596)	-11.3%	51.3%	8,413
Transfers recognised - operational	89,312	(5,927)	95,239	91,797		(3,442)	-3.6%	2.8%	81,602
Other own revenue	53,704	(992)	54,696	50,808		(3,888)	-7.1%	-5.4%	36,212
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>368,904</b>	<b>(3,334)</b>	<b>372,238</b>	<b>328,194</b>	<b>–</b>	<b>(44,045)</b>	<b>11.8%</b>	<b>-11.0%</b>	<b>297,171</b>
Employee costs	126,374	552	125,822	122,441	–	(3,382)	-2.7%	-3.1%	126,481
Remuneration of councillors	6,538	251	6,286	6,266	–	(20)	-0.3%	-4.2%	6,173
Depreciation & asset impairment	24,986	–	24,986	20,847	–	(4,139)	-16.6%	-16.6%	24,437
Finance charges	901	(6,175)	7,076	11,468	4,392	4,392	62.1%	1173.4%	11,701
Inventory consumed and bulk purchases	104,368	(92)	104,460	91,746	91,746	(12,715)	-12.2%	-12.1%	90,784
Transfers and grants	550	(350)	900	588	–	(312)	-34.7%	6.9%	500
Other expenditure	99,915	(42,795)	142,709	111,531	–	(31,179)	-21.8%	11.6%	84,370
<b>Total Expenditure</b>	<b>363,631</b>	<b>(48,609)</b>	<b>412,240</b>	<b>364,886</b>	<b>39,723</b>	<b>(47,354)</b>	<b>-11.5%</b>	<b>0.3%</b>	<b>344,445</b>
<b>Surplus/(Deficit)</b>	<b>5,273</b>	<b>45,274</b>	<b>(40,001)</b>	<b>(36,692)</b>	<b>–</b>	<b>3,309</b>	<b>-8.3%</b>	<b>-795.9%</b>	<b>(47,274)</b>
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	54,024	(1,235)	55,259	52,732		(2,527)	-4.6%	-2.4%	14,853
Transfers and subsidies - capital (in-kind - all) & Surplus/(Deficit) before taxation	–	–	–	2,965		–	–	–	794
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>59,297</b>	<b>44,039</b>	<b>15,258</b>	<b>19,005</b>		<b>782</b>	<b>24.6%</b>	<b>-67.9%</b>	<b>(31,627)</b>
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>44,039</b>	<b>15,258</b>	<b>19,005</b>		<b>782</b>	<b>24.6%</b>	<b>-67.9%</b>	<b>(31,627)</b>
<b>Financial position</b>									
Total current assets	91	(35,487)	126,962	105,479		(21,483)	-16.9%	15.3%	103,763
Total non current assets	578	121,871	455,781	465,707		9,926	2.2%	-19.4%	434,401
Total current liabilities	141	(45,839)	186,633	170,866		(15,767)	-8.4%	21.4%	156,923
Total non current liabilities	44	(4,688)	48,454	50,605		2,151	4.4%	15.6%	50,537
Community wealth/Equity	485	137	348	349,715		2,059	0.6%	-27.8%	330,705
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>									
Transfers recognised - capital	46,978	(1,074)	48,052	52,732		4,681	9.7%	12.2%	14,853
Public contributions & donations	–	–	–	2,965		2,965	0.0%	0.0%	794
Borrowing	–	–	–	–		–	0.0%	0.0%	–
Internally generated funds	3,850	1,191	2,660	–		(2,660)	-100.0%	-100.0%	–
<b>Total sources of capital funds</b>	<b>50,828</b>	<b>117</b>	<b>50,711</b>	<b>–</b>		<b>4,986</b>	<b>-100.0%</b>	<b>-100.0%</b>	<b>15,647</b>
<b>Cash flows</b>									
Net cash from (used) operating	67,083	31,960	35,123	44,351		9,229	26.3%	-33.9%	41,694
Net cash from (used) investing	(58,452)	(7,741)	(50,711)	(45,118)		5,593	-11.0%	-22.8%	(15,527)
Net cash from (used) financing	(540)	218	(758)	(759)		(1)	0.1%	40.5%	(1,503)
<b>Cash/cash equivalents at the year end</b>	<b>8,090</b>	<b>24,437</b>	<b>(16,347)</b>	<b>(1,526)</b>		<b>14,821</b>	<b>-90.7%</b>	<b>-118.9%</b>	<b>24,664</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<i>Governance and administration</i>	77,528	6,656	84,184	169,878		85,694	101.79%	110.53%				121,016
Executive and council	11,625	81	11,707	46,260		34,554	295.17%	297.22%				22,032
Finance and administration	65,902	6,575	72,478	123,618		51,140	70.56%	77.60%				98,984
Internal audit	–	–	–	–		–	#DIV/0!	#DIV/0!				
<i>Community and public safety</i>	62,430	(65)	62,364	15,130		(47,234)	-75.74%	-75.66%				16,121
Community and social services	8,055	(300)	7,755	8,314		559	7.20%	6.93%				12,605
Sport and recreation	3,188	795	3,982	2,209		(1,774)	-44.54%	-55.64%				468
Public safety	50,061	381	50,462	4,443		(46,019)	-91.20%	-91.89%				2,797
Housing	1,106	(941)	165	165		(0)	0.00%	0.00%				249
<i>Economic and environmental services</i>	9,380	(2,294)	7,086	4,832		(2,254)	-31.81%	-24.03%				1,940
Planning and development	1,331	1,031	2,362	1,135		(1,227)	-51.95%	-92.22%				1,940
Road transport	8,049	(3,325)	4,725	3,697		(1,027)	-21.75%	-12.76%				–
<i>Trading services</i>	273,591	272	273,863	198,189		(75,674)	-27.63%	-27.66%				171,796
Energy sources	127,381	4,900	132,281	105,001		(27,280)	-20.62%	-21.42%				101,497
Water management	81,510	(3,703)	77,807	45,680		(32,126)	-41.29%	-39.41%				31,002
Waste water management	40,696	(2,806)	37,890	28,696		(9,194)	-24.27%	-22.59%				26,157
Waste management	24,005	1,880	25,885	18,811		(7,073)	-27.33%	-29.47%				13,141
<i>Other</i>	–	–	–	–		–	0.00%	0.00%				–
<b>Total Revenue - Standard</b>	<b>422,928</b>	<b>4,569</b>	<b>427,498</b>	<b>388,029</b>		<b>(39,469)</b>	<b>-9.23%</b>	<b>-9.33%</b>				<b>310,873</b>
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>	87,650	14,111	101,761	112,400	–	10,638	10.5%	12.1%	–	–	–	116,134
Executive and council	14,238	1,955	16,194	22,215	–	6,022	37.2%	42.3%	–	–	–	13,237
Finance and administration	71,724	12,727	84,451	90,184	–	5,733	6.8%	8.0%	–	–	–	102,896
Internal audit	1,688	(571)	1,116	–	–	(1,116)	-100.0%	-66.1%	–	–	–	–
<i>Community and public safety</i>	70,307	14,384	84,691	71,406	–	(13,285)	-15.7%	-18.9%	–	–	–	54,984
Community and social services	11,183	(189)	10,994	17,451	–	6,458	58.7%	57.7%	–	–	–	15,333
Sport and recreation	7,981	(511)	7,470	3,698	–	(3,772)	-50.5%	-47.3%	–	–	–	1,711
Public safety	47,791	16,760	64,552	48,526	–	(16,026)	-24.8%	-33.5%	–	–	–	37,700
Housing	3,352	(1,676)	1,676	1,731	–	55	3.3%	1.6%	–	–	–	240
<i>Economic and environmental services</i>	28,207	3,084	31,292	21,327	–	(9,965)	-31.8%	-35.3%	–	–	–	15,970
Planning and development	8,780	3,428	12,208	5,597	–	(6,611)	-54.2%	-75.3%	–	–	–	5,241
Road transport	19,427	(344)	19,084	15,730	–	(3,353)	-17.6%	-17.3%	–	–	–	10,729
<i>Trading services</i>	177,466	17,029	194,495	163,891	–	(30,604)	-15.7%	-17.2%	–	–	–	155,412
Energy sources	104,960	(2,172)	102,787	98,166	–	(4,622)	-4.5%	-4.4%	–	–	–	90,179
Water management	34,083	9,370	43,453	28,138	–	(15,315)	-35.2%	-44.9%	–	–	–	33,642
Waste water management	19,845	6,292	26,138	20,680	–	(5,457)	-20.9%	-27.5%	–	–	–	13,633
Waste management	18,579	3,539	22,117	16,907	–	(5,210)	-23.6%	-28.0%	–	–	–	17,959
<b>Total Expenditure - Standard</b>	<b>363,631</b>	<b>48,608</b>	<b>412,239</b>	<b>369,024</b>	–	<b>(43,216)</b>	<b>-10.5%</b>	<b>-11.9%</b>	–	–	–	<b>342,500</b>
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Vote Description  R thousand	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Vote 1 - MUNICIPAL MANAGER	8,401	1,201	9,601	9,579		-	0.0%	0.0%				31,484
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	259,777	47,366	307,143	186,761		-	0.0%	0.0%				173,749
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-		-	0.0%	0.0%				-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	10,571	2,584	13,155	45,736		-	0.0%	0.0%				2,221
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	54,570	(48,382)	6,187	112,074		-	-	-				88,643
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	89,610	1,801	91,411	33,879		-	-	-				14,776
<b>Total Revenue by Vote</b>	<b>422,928</b>	<b>4,569</b>	<b>427,498</b>	<b>388,029</b>		-	<b>0.0%</b>	<b>0.0%</b>				<b>310,873</b>
<b>Expenditure by Vote to be appropriated</b>												
Vote 1 - MUNICIPAL MANAGER	7,481	1,834	9,316	11,610	2,294	-	0.0%	0.0%	-	-	-	6,901
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	195,683	24,163	219,846	175,847	-	-	0.0%	0.0%	-	-	-	166,792
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	36,301	1,712	38,013	36,865	-	-	0.0%	0.0%	-	-	-	33,182
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	39,911	3,050	42,962	61,310	18,348	-	0.0%	0.0%	-	-	-	63,772
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	84,254	17,849	102,103	83,392	-	-	0.0%	0.0%	-	-	-	71,853
<b>Total Expenditure by Vote</b>	<b>363,631</b>	<b>48,608</b>	<b>412,239</b>	<b>369,024</b>	<b>20,642</b>	-	<b>0.0%</b>	<b>0.0%</b>	-	-	-	<b>342,500</b>
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>		-	<b>0.0%</b>	<b>0.0%</b>				<b>(31,627)</b>



**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)**

Description	2022/2023								2021/2022			
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue By Source</b>												
Property rates	47,808	–	47,808	45,597		(2,211)	-4.6%	-4.6%				40,235
Service charges - electricity revenue	103,525	(1,463)	102,062	79,475		(22,587)	-22.1%	-21.8%				81,667
Service charges - water revenue	33,026	(8,396)	24,630	16,980		(7,650)	-31.1%	-23.2%				23,265
Service charges - sanitation revenue	22,082	(738)	21,344	20,478		(866)	-4.1%	-3.9%				17,871
Service charges - refuse revenue	11,146	1,157	12,302	10,498		(1,804)	-14.7%	-16.2%				7,905
Rental of facilities and equipment	1,671	–	1,671	1,382		(289)	-17.3%	-17.3%				1,353
Interest earned - external investments	385	1,245	1,630	2,121		491	30.1%	127.6%				541
Interest earned - outstanding debtors	7,917	4,610	12,527	10,440		(2,087)	-16.7%	-26.4%				7,872
Fines, penalties and forfeits	49,523	–	49,523	44,668		(4,854)	-9.8%	-9.8%				30,509
Licences and permits	226	240	466	181		(49,341)	-99.6%	-21880.9%				330
Agency services	900	300	1,200	1,180		714	153.4%	79.3%				462
Transfers and subsidies	89,312	5,927	95,239	91,797		90,597	7549.7%	101.4%				81,602
Other revenue	1,385	452	1,837	3,396		(91,843)	-96.4%	-6630.6%				3,557
Gains	–	–	0	–		(1,837)	-100.0%	#DIV/0!				–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>368,904</b>	<b>3,334</b>	<b>372,238</b>	<b>328,194</b>		<b>(91,730)</b>	<b>-28.0%</b>	<b>-24.9%</b>				<b>297,171</b>
<b>Expenditure By Type</b>												
Employee related costs	126,374	(552)	125,822	118,474	–	(7,348)	-5.8%	-5.8%	–	–	–	126,481
Remuneration of councillors	6,538	(251)	6,286	6,266	–	(20)	-0.3%	-0.3%	–	–	–	6,173
Debt impairment	55,261	37,851	93,112	42,844	–	(50,267)	-54.0%	-91.0%	–	–	–	45,432
Depreciation & asset impairment	24,986	–	24,986	20,847	–	(4,139)	-16.6%	-16.6%	–	–	–	24,437
Finance charges	901	6,175	7,076	11,468	4,392	4,392	62.1%	487.7%	–	–	–	11,701
Bulk purchases - electricity	82,979	(914)	82,065	87,020	4,955	4,955	6.0%	6.0%	–	–	–	86,429
Inventory consumed	21,389	1,006	22,396	4,726	–	(17,670)	-78.9%	-82.6%	–	–	–	4,354
Contracted services	19,611	(3,114)	16,497	21,032	4,535	4,535	27.5%	23.1%	–	–	–	13,547
Transfers and subsidies	550	350	900	588	–	(312)	-34.7%	-56.8%	–	–	–	500
Other expenditure	25,043	8,058	33,101	51,792	18,691	18,691	56.5%	74.6%	–	–	–	23,847
Losses	–	–	–	(171)	–	(171)	#DIV/0!	#DIV/0!	–	–	–	1,544
<b>Total Expenditure</b>	<b>363,631</b>	<b>48,608</b>	<b>412,240</b>	<b>364,886</b>	<b>32,574</b>	<b>(47,354)</b>	<b>-11.5%</b>	<b>-13.0%</b>	–	–	–	<b>344,445</b>
<b>Surplus/(Deficit)</b>	<b>5,273</b>	<b>(45,274)</b>	<b>(40,001)</b>	<b>(36,692)</b>		<b>3,309</b>	<b>-8.3%</b>	<b>62.8%</b>				<b>(47,274)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	54,024	1,235	55,259	52,732	–	(2,527)	-4.6%	-4.7%	–	–	–	14,853
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	2,965	–	2,965	#DIV/0!	#DIV/0!	–	–	–	794
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>			<b>24.6%</b>	<b>6.3%</b>				<b>(31,627)</b>
Taxation	–	–	–	–	–	3,747	#DIV/0!	#DIV/0!	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>
Attributable to minorities	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>59,297</b>	<b>(44,039)</b>	<b>15,258</b>	<b>19,005</b>	–	<b>3,747</b>	<b>24.6%</b>	<b>6.3%</b>	–	–	–	<b>(31,627)</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Vote Description	2022/2023								2021/2022			
	Original Budget	Total Budget Adjustments (I.I.o. MFMA 428)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure</b>												
Vote 1 - MUNICIPAL MANAGER	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	32,022	(13,110)	18,912	-	-	(18,912)	-100%	-59%	-	-	-	-
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	701	800	1,501	-	-	(1,501)	-100%	-214%	-	-	-	-
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	3,512	626	4,138	-	-	(4,138)	-100%	-118%	-	-	-	-
<b>Capital multi-year expenditure</b>	<b>36,235</b>	<b>(11,684)</b>	<b>24,551</b>	<b>-</b>	<b>-</b>	<b>(24,551)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Single-year expenditure</b>												
Vote 1 - MUNICIPAL MANAGER	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - DIRECTORATE: INFRASTRUCTURE SERVICES	14,243	11,717	25,960	-	-	(25,960)	-100%	-182%	-	-	-	10,247
Vote 3 - DIRECTORATE: ELECTRO-TECHNICAL SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 4 - DIRECTORATE: CORPORATE SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	30
Vote 5 - DIRECTORATE: FINANCIAL SERVICES	122	(72)	50	-	-	(50)	-100%	-41%	-	-	-	-
Vote 6 - DIRECTORATE: COMMUNITY SERVICES	228	(78)	150	-	-	(150)	-100%	-66%	-	-	-	5,362
<b>Capital single-year expenditure</b>	<b>14,593</b>	<b>11,567</b>	<b>26,160</b>	<b>-</b>	<b>-</b>	<b>(26,160)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>
<b>Total Capital Expenditure - Vote</b>	<b>50,828</b>	<b>(117)</b>	<b>50,711</b>	<b>-</b>	<b>-</b>	<b>(50,711)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>	<b>823</b>	<b>728</b>	<b>1,551</b>	<b>-</b>	<b>-</b>	<b>(1,551)</b>	<b>-100%</b>	<b>-188%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,391</b>
Executive and council	-	-	-	-	-	-	0%	0%	-	-	-	4,940
Finance and administration	823	728	1,551	-	-	(1,551)	-100%	-188%	-	-	-	451
Internal audit	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Community and public safety</b>	<b>3,740</b>	<b>548</b>	<b>4,288</b>	<b>-</b>	<b>-</b>	<b>(4,288)</b>	<b>-100%</b>	<b>-115%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	0%	0%	-	-	-	-
Sport and recreation	3,512	626	4,138	-	-	(4,138)	-100%	-118%	-	-	-	-
Public safety	228	(78)	150	-	-	(150)	-100%	-66%	-	-	-	-
Housing	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Economic and environmental services</b>	<b>7,501</b>	<b>(3,436)</b>	<b>4,065</b>	<b>-</b>	<b>-</b>	<b>(4,065)</b>	<b>-100%</b>	<b>-54%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Planning and development	-	-	-	-	-	-	0%	0%	-	-	-	1
Road transport	7,501	(3,436)	4,065	-	-	(4,065)	-100%	-54%	-	-	-	-
<b>Trading services</b>	<b>38,764</b>	<b>2,043</b>	<b>40,807</b>	<b>-</b>	<b>-</b>	<b>(40,807)</b>	<b>-100%</b>	<b>-105%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,247</b>
Energy sources	10,961	3,847	14,808	-	-	(14,808)	-100%	-135%	-	-	-	6,152
Water management	24,730	970	25,699	-	-	(25,699)	-100%	-104%	-	-	-	4,095
Waste water management	3,073	(2,773)	300	-	-	(300)	-100%	-10%	-	-	-	-
Waste management	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>50,828</b>	<b>(117)</b>	<b>50,711</b>	<b>-</b>	<b>-</b>	<b>(50,711)</b>	<b>-100%</b>	<b>-100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>
<b>Funded by:</b>												
National Government	46,978	(157)	46,821	-	-	(46,821)	-100%	-100%	-	-	-	14,840
Provincial Government	-	1,230	1,230	-	-	(1,230)	-100%	0%	-	-	-	-
District Municipality	-	-	-	-	-	-	0%	0%	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	0%	0%	-	-	-	-
<b>Transfers recognised - capital</b>	<b>46,978</b>	<b>1,074</b>	<b>48,052</b>	<b>-</b>	<b>-</b>	<b>(48,052)</b>	<b>-100%</b>	<b>-102%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,840</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>794</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>3,850</b>	<b>(1,191)</b>	<b>2,660</b>	<b>-</b>	<b>-</b>	<b>(2,660)</b>	<b>-100%</b>	<b>-69%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>Total Capital Funding</b>	<b>50,828</b>	<b>(117)</b>	<b>50,711</b>	<b>-</b>	<b>-</b>	<b>(50,711)</b>	<b>-100%</b>	<b>-100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,640</b>

**APPENDIX F - Unaudited**  
**BEAUFORT WEST LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**  
**CASH FLOWS**

Description	2022/23							2021/22
	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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates	40,379	537	40,916	38,866	(2,050)	-5.0%	-3.7%	33,556
Service charges	149,742	(10,365)	139,378	115,720	(23,657)	-17.0%	-22.7%	106,962
Other revenue	27,328	(16,714)	10,614	5,314	(5,300)	-49.9%	-80.6%	16,850
Transfers and Subsidies - Operational	89,312	2,877	92,189	90,995	(1,194)	-1.3%	1.9%	83,151
Transfers and Subsidies - Capital	54,024	(4,379)	49,645	49,843	198	0.4%	-7.7%	21,118
Interest	6,882	(5,252)	1,630	12,561	10,931	670.6%	82.5%	8,413
<b>Payments</b>								
Suppliers and employees	(299,134)	7,394	(291,740)	(260,104)	31,636	-10.8%	-13.0%	(220,771)
Finance charges	(901)	(6,175)	(7,076)	(6,090)	986	-13.9%	576.2%	(7,084)
Transfers and Grants	(550)	(350)	(900)	(588)	312	-34.7%	6.9%	(500)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>67,083</b>	<b>(32,427)</b>	<b>34,656</b>	<b>46,518</b>	<b>-</b>	<b>34.2%</b>	<b>-30.7%</b>	<b>41,694</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current debtors	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	0.0%	0.0%	-
Decrease (increase) in non-current investments	-	-	-	-	-	0.0%	0.0%	-
<b>Payments</b>								
Capital assets	(58,452)	7,741	(50,711)	(44,044)	6,667	-13.1%	-24.6%	(15,527)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(58,452)</b>	<b>7,741</b>	<b>(50,711)</b>	<b>(44,044)</b>	<b>-</b>	<b>-13.1%</b>	<b>-24.6%</b>	<b>(15,527)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	0.0%	0.0%	-
Borrowing long term/refinancing	-	-	-	-	-	0.0%	0.0%	-
Increase (decrease) in consumer deposits	218	(218)	-	-	-	0.0%	-100.0%	-
<b>Payments</b>								
Repayment of borrowing	(758)	-	(758)	(759)	(1)	0.1%	0.1%	(1,503)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(540)</b>	<b>(218)</b>	<b>(758)</b>	<b>(759)</b>	<b>-</b>	<b>0.1%</b>	<b>0.0%</b>	<b>(1,503)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>8,090</b>	<b>(24,904)</b>	<b>(16,813)</b>	<b>(1,526)</b>				<b>24,664</b>
Cash/cash equivalents at the year begin:	5,000	10,750	15,750	16,386				(8,279)
Cash/cash equivalents at the year end:	13,090	(13,052)	39	14,860	14,821	38058.8%	13.5%	16,386