



BREED VALLEY
BUREAU OF LOCAL GOVERNMENT • MUNICIPALITY • DISTRICT

BREED VALLEY MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence
30 November 2019

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community: Housing services - Supply housing to the community and includes the rental of units owned by the municipality to public and staff; Waste management services - The collection, disposal and purifying of waste, refuse and sewerage; Electricity services - Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality; and Water services - Supplying water to the public.
Mayoral committee for the year ended 30 June 2019	
Executive Major	Antoinette Steyn
Mayoral committee members	J.D Levendal (Deputy Executive Mayor) N.Mercuur (Speaker) S.Goedeman (Chief Whip) R.Farao J. Kritzinger S.J.Mei W.R.Meiring M.Sampson E.Y.Sheldon J.F van Zyl J. Von Willingh
Accounting officer	D. McThomas
Chief Financial Officer (CFO)	R. Ontong
Grading of local authority	Councillors Grade 4 Senior Managers Category 5 Personnel Grade 4
Registered office	Civic Centre Baring Street Worcester 6850
Postal address	Private Bag X3046 Worcester 6849
Bankers	Nedbank Limited
Auditors	Auditor-General of South Africa



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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)



BREED VALLEY MUNICIPALITY

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements and related financial information.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the Breede Valley Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's internal auditors.

The annual financial statements set out on pages 6 to 92, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2019.



Accounting Officer
31 August 2019



Report of the Auditor General

To the Provincial Legislature of BREEDE VALLEY MUNICIPALITY



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2019.

1. Review of activities

Main business and operations

Breedee Valley Municipality is situated in the Western Cape Province, 120 km north-east of Cape Town. Included in its boundaries are Worcester, Rawsonville, De Doorns and Touwsrivier and surrounding rural areas. It covers 3 833 sq. km and is home to 176 578 people as per the 2016 community survey.

The municipality is set between three mountain ranges, incorporating some of the most valuable and fertile agricultural land in the country. The area is endowed with a diverse cultural history, regional accessibility and unique natural beauty that attract a great number of tourists.

The financial position of the municipality is described to be sound, with an accumulated surplus of R1 933 656 565 (2018:R 1 775 611 348) at year-end.

Net surplus of the municipality was R 158 804 164 (2018: surplus R105 231 281). The overall summarised operating results for the municipality in comparison to the approved budget are shown in the Statement of Financial Performance and also reflects a summary of income and expenditure.

2. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus of R 1 933 656 565 and that the municipality's assets exceed its total liabilities by R 1 933 656 565.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency analysis show that assets cover the liabilities by 415.4% (2018 : 373.8%). The coverage indicates that the municipality operates as a going concern.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Borrowing, investments and cash

The accounting officer may after approval of the Council exercise all the powers of the municipality to borrow money, as he considers appropriate needs. Interest-bearing debt did not increase in the year ended 30 June 2019. In the financial year ended 30 June 2019 the municipality redeemed interest-bearing debt of R 9 427 059. The interest paid on borrowings as a percentage of total expenditure is 2.57% (2018: 2.68%).

Investments as at 30 June 2019 amounted to R 15 220 962 (2018: R45 924 809). Investments and cash and cash equivalents decreased from R151 375 547 to R 110 087 802 Additional information regarding cash and cash equivalents, investments and loans are provided in notes 3,9,18 and Appendix A to the financial statements.

6. Capital expenditure

The capital expenditure incurred during the year 2019 amounted to R 266 003 058 (2018: R 201 022 308) that represented 97.48% (2018: 78.35%) of the approved capital budget of R 272 867 659 (2018: R 256 560 008). A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix H (A5), while Appendix B contains detail according to the asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

7. Cash flow analysis

Details of major changes in the nature of the municipality during the year were as follows:

Summary of net cash flows	2019	2018
Net cash flow from operating activities	225 963 255	174 668 044
Net cash flow from investing activities	(227 022 374)	(151 180 643)
Net cash flow from financing activities	(9 524 779)	(10 614 813)
Net increase/(decrease) in cash and cash equivalents	(10 583 898)	12 872 588

8. Credit rating

The municipality was rated by Moody's Investor Services during the 2018/19 financial year. Their rating and outlook for the municipality was a Ba2.za rating due to the negative outlook on South African sovereign rating. To monitor our credit rating and capacity for long-term financing we consider various qualitative and quantitative factor. At 30 June 2019 and 30 June 2018 the current ratio was 1.57 and 1.68 respectively. This reflects a decrease in the ratio.

9. Accounting Officer

The accounting officer of the municipality during the year under review of this report is as follows:

Name	Nationality
D. McThomas	South African

10. Auditors

Auditor-General of South Africa will continue in office for the next financial period as per the Public Audit Act.

BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	94 866 840	105 450 738
Receivables from exchange transactions	4	97 322 163	78 289 157
Receivables from non- exchange transactions	5	33 551 722	43 705 972
Other receivables from exchange transactions	6	4 120 615	25 711 959
Inventories	7	10 425 094	14 955 629
VAT receivable	8	910 722	13 708 021
Short term investments	9	15 220 962	45 924 809
Long term receivables	14	1 762 689	551 437
		258 180 807	328 297 722
Non-Current Assets			
Investment property	10	43 750 400	21 785 500
Property, plant and equipment	11	2 201 900 566	2 028 331 634
Intangible assets	12	4 432 411	4 654 969
Heritage assets	13	36 631 059	36 631 059
Long term receivables	14	1 923 049	4 312 831
		2 288 637 485	2 095 715 993
Total Assets		2 546 818 292	2 424 013 715
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	90 292 740	99 771 225
Consumer deposits	16	4 083 339	3 912 159
Unspent conditional grants and receipts	17	21 301 107	47 472 305
Long term liabilities	18	16 494 542	15 780 598
Employee benefit obligation	19	37 301 739	33 676 948
Provisions	20	1 156 110	1 219 978
		170 629 577	201 833 213
Non-Current Liabilities			
Long term liabilities	18	203 881 100	214 291 004
Employee benefit obligation	19	153 177 927	150 805 101
Provisions	20	85 473 123	81 473 049
		442 532 150	446 569 154
Total Liabilities		613 161 727	648 402 367
Net Assets		1 933 656 565	1 775 611 348
Accumulated surplus		1 933 656 565	1 775 611 348

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	564 826 589	508 226 911
Sales of Goods and rendering of services	22	4 403 781	4 225 193
Income from agency services		8 507 083	7 630 035
Licences and permits		2 951 734	3 108 413
Rental income	23	9 989 819	8 284 679
Operational Revenue	24	5 303 208	4 021 130
Finance Income	25	15 687 324	21 187 618
Total revenue from exchange transactions		611 669 538	556 683 979
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	135 728 091	125 006 332
Property rates - penalties imposed and collection		1 743 921	1 469 544
Transfer revenue			
Government grants & subsidies	27	298 970 408	261 857 590
Fines, Penalties and Forfeits	28	37 240 287	111 977 583
Total revenue from non-exchange transactions		473 682 707	500 311 049
Total revenue		1 085 352 245	1 056 995 028
Expenditure			
Employee related costs	29	(301 465 140)	(275 383 972)
Remuneration of councillors	30	(17 674 674)	(16 890 840)
Debt impairment	31	(62 895 775)	(112 244 879)
Depreciation and amortisation	32	(87 921 079)	(85 049 396)
Bulk purchases	33	(287 305 195)	(264 821 073)
Finance costs	34	(24 682 411)	(26 038 600)
Inventory consumed		(27 324 255)	(13 188 690)
Contracted services	35	(72 242 862)	(97 997 606)
Grants and subsidies paid	36	(16 316 998)	(12 806 720)
Operating lease		(8 384 618)	(9 354 438)
Operational Costs	37	(52 801 425)	(56 775 897)
Total expenditure		(959 014 432)	(970 552 111)
Gain/(loss) on disposal of assets and liabilities		2 963 506	(95 087)
Fair value adjustments	38	17 105 763	2 413 759
Actuarial gains/(losses)	39	12 369 045	16 629 449
Inventory gains/(losses)		28 037	(159 757)
Total other gains or (losses)		32 466 351	18 788 364
Surplus for the year		158 804 164	105 231 281

* See note 50



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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2017	1 669 153 898	1 669 153 898
Changes in net assets		
Financial assets	1 226 169	1 226 169
Net income (losses) recognised directly in net assets	1 226 169	1 226 169
Surplus for the year *	105 231 281	105 231 281
Total recognised income and expenses for the year	106 457 450	106 457 450
Total changes	106 457 450	106 457 450
Restated* Balance at 01 July 2018	1 775 611 348	1 775 611 348
Changes in net assets		
Financial Assets	(758 947)	(758 947)
Net income (losses) recognised directly in net assets	(758 947)	(758 947)
Surplus for the year	158 804 164	158 804 164
Total recognised income and expenses for the year	158 045 217	158 045 217
Total changes	158 045 217	158 045 217
Balance at 30 June 2019	1 933 656 565	1 933 656 565

* The surplus for the 2017/18 year has been restated. Refer to note 50 for the prior period error corrections.

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Cash flows from services and rate payers		731 516 548	627 313 918
Cash flows from government and other grants		272 768 210	278 966 428
Finance income:investing activities		14 983 477	20 824 529
		<u>1 019 268 235</u>	<u>927 104 875</u>
Payments			
Cash paid to employees		(300 773 154)	(271 648 649)
Cash paid to suppliers		(451 532 417)	(441 942 862)
Finance costs		(24 682 411)	(26 038 600)
Grants paid		(16 316 998)	(12 806 720)
		<u>(793 304 980)</u>	<u>(752 436 831)</u>
Net cash flows from operating activities	40	<u>225 963 255</u>	<u>174 668 044</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(266 205 430)	(199 022 485)
Proceeds from sale of property, plant and equipment		3 734 808	31 101
Purchase of other intangible assets	12	(71 600)	-
Long term receivables		4 816 001	3 735 550
Increase/ decrease in investment		30 703 847	44 075 191
		<u>(227 022 374)</u>	<u>(151 180 643)</u>
Net cash flows from investing activities		<u>(227 022 374)</u>	<u>(151 180 643)</u>
Cash flows from financing activities			
Repayment of long term liabilities		(9 695 960)	(10 846 458)
Movement in consumer deposits		171 180	231 645
		<u>(9 524 780)</u>	<u>(10 614 813)</u>
Net cash flows from financing activities		<u>(9 524 780)</u>	<u>(10 614 813)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(10 583 899)</u>	<u>12 872 588</u>
Cash and cash equivalents at the beginning of the year		105 450 738	92 578 150
Cash and cash equivalents at the end of the year	3	<u>94 866 839</u>	<u>105 450 738</u>

* See note 50



BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2019
STATEMENT OF BUDGET COMPARISON
WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2018/19						2017/18				
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Adjustment Budget 26 February 2019	Approved Virements (Virement Policy 2018/2019)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Revised Audited Outcome
R. thousands	1	2	3	4	5	6	7	8	9	10	14
Financial Performance											
Property rates	145 763	(11 679)	134 074	-	134 074	137 472		3 398	102,5%	94,3%	126 476
Service charges	578 888	(3 925)	574 963	-	574 963	564 827		(10 137)	98,2%	97,6%	508 227
Investment revenue	13 074	(1 849)	11 225	-	11 225	11 233		7	100,1%	85,9%	16 556
Transfers recognised - operational	146 455	(1 822)	144 634	(0)	144 634	133 233		(11 401)	92,1%	91,0%	130 203
Other own revenue	109 959	46 084	156 044	0	156 044	93 029		(63 015)	59,6%	84,6%	146 197
Total Revenue (excluding capital transfers and contributions)	994 129	26 811	1 020 940	-	1 020 940	939 793		(81 147)	92,1%	94,5%	927 669
Employee costs	310 637	(28 617)	282 019	(2 900)	279 119	278 623		(496)	99,8%	88,7%	252 675
Remuneration of councillors	18 129	-	18 129	-	18 129	17 675		(454)	97,5%	97,5%	16 891
Depreciation & asset impairment	86 305	-	86 305	-	86 305	87 921		1 616	101,9%	101,9%	85 049
Finance charges	24 505	-	24 505	-	24 505	24 682		177	100,7%	100,7%	26 039
Materials and bulk purchases	293 504	14 746	308 250	10 311	318 562	314 601		(3 960)	98,8%	107,2%	278 170
Transfers and grants	21 598	(1 940)	19 658	(1 483)	18 176	16 317		(1 859)	89,8%	75,5%	12 807
Other expenditure	256 669	13 432	270 101	(6 343)	263 758	206 907		(56 851)	78,4%	80,6%	282 482
Total Expenditure	1 011 348	(2 379)	1 008 968	(414)	1 008 554	946 727		(61 827)	93,9%	93,6%	954 082
Surplus/(Deficit)	(17 218)	29 190	11 972	414	12 386	(6 934)		(19 319)	-56,0%	40,3%	(26 423)
Transfers recognised - capital	141 090	14 907	155 997	-	155 997	165 738		9 741	106,2%	117,5%	131 654
Contributions recognised - capital & contributed assets	-	500	500	-	500	-		(500)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	123 872	44 597	168 468	414	168 882	158 804		(10 078)	94,0%	128,2%	105 231
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) for the year	123 872	44 597	168 468	414	168 882	158 804		(10 078)	94,0%	128,2%	105 231
Capital expenditure & funds sources											
Capital expenditure	141 240	15 671	156 911	-	156 911	165 738		8 827	106,6%	117,3%	129 812
Transfers recognised - capital	-	-	-	-	-	-		-	-	-	1 667
Public contributions & donations	-	6 443	6 443	-	6 443	6 281		(162)	97,5%	#DIV/0!	21 325
Borrowing	85 427	24 087	109 514	-	109 514	93 984		(15 530)	85,8%	110,0%	48 219
Internally generated funds	226 667	46 200	272 868	-	272 868	266 003		(6 865)	97,5%	111,4%	201 022
Total sources of capital funds											
Cash flows											
Net cash from (used) operating	202 709	37 549	240 258	-	240 258	225 963		(14 294)	94,1%	111,5%	174 668
Net cash from (used) investing	(226 617)	(45 786)	(272 404)	-	(272 404)	(227 023)		45 381	83,3%	100,2%	(151 181)
Net cash from (used) financing	(7 785)	-	(7 785)	-	(7 785)	(9 525)		(1 740)	122,3%	122,3%	(10 615)
Cash/cash equivalents at the year end	128 337	(17 817)	110 520	414	110 520	94 867		(15 653)	85,8%	73,9%	105 451



Statement of Budget Comparison

Material Variance Explanations 30 June 2019

Description	Final Budget 30 June 2019	Revenue/ Expenditure 30 June 2019	% Variance/ Variances greater than R50 000 (under)/over	Reasons for Material Deviations	Impact on Service Delivery
Revenue By Source					
Transfers recognised - operational	144 633 642	133 232 543	-8	Underspending on provincial housing grant expenditure	Negative
Transfers recognised - capital	156 496 715	165 737 865	6	Project administered by Dept Housing and due to their 1 st in Year end being 3 Month before that of Municipalities there will tend to be differences in the spending and the budget	Positive
Other own revenue	156 043 519	93 029 013	-40	Decrease in traffic fines.Service Provider(TMT) for issuing traffic fines only appointed for two months in Financial Year.	Negative
Expenditure By Type					
Transfers and grants	18 175 583	16 316 998	-10	Under spending on provincial housing grant expenditure.	None
Other expenditure	263 758 220	206 907 402	-22	The provision for Bad Debts: Traffic Fines was reduced as a result of fewer outstanding traffic fine debtors.	None
Capital Expenditure					
Technical Services					
Stettynskloof Water Supply (Worcester/Rawsonville)					
Upgrading of Stettynskloof Supply Pipe Line - Phase 3 (MIG 164422)	396 860	200 000,00	(196 860)	Savings - Work is completed	None
Rawsonville WwTW					
Extension of Rawsonville WwTW (0,24 Ml/day)	200 000		(200 000)	Multi year project - budget on the 2019/20 year to finalise the project.	None
Klipvlakte/ Transhex Residential Development (13 000 erven)					
Bulk Electrical: Worcester Transhex 7300	13 300 000	3 557 542,25	(9 742 458)	Delay in excess to sites due to Civil contractor's work	None
Reservoirs					
Lanjenug Reservoir	25 170 144	25 087 977,37	(82 167)	Small delay due to unforeseen circumstances	None
Reservoir, supply pipeline and augmentation of pumpstation (MIG Counter funding)	2 536 777	1 014 742,96	(1 522 034)	Ongoing and depending on weather conditions	None
Transhex Sewer Pumpstation and rising main					
Sewer pumpstation and rising main (MIG Conter funding)	23 357 688	22 582 964,00	(774 724)	Project Completed -Saving	None
Resealling of Municipal Roads - Worcester					
	15 607 237	13 372 702,16	(2 234 535)	Ongoing and depending on weather conditions	None
Electricity (8112)					
Durban street - Replace overhead network to underground network complete.	2 000 000	1 251 273,15	(748 727)	Delay in tender process for cable supply to the stores	None
Escape stairs and blinding at electrical new offices	180 000	18 207,00	(161 793)	Original estimates to low resulting in higher cost hence a new tender process	
Ward 3					
Replace 11 Kv cable from Rumosa to Voortrekkerweg (1 500 m @ 185 mm Al PILC)	2 937 793	984 838,98	(1 952 954)	Multi year cable connections been done, WIP	None
De Doorns: New High Mast Lighting (MIG Form ID 153221)	842 812		(842 812)	Savings on project	None
Ward 6					
Replace 11 Kv cable from Mc Allister to Field Sub (1 600 m @ 185 mm Al PILC)	4 730 289	245 997,60	(4 484 301)	Delay in tender process and specifications	None
Erosion Protection of Hex River: (EIA)					
SERVICE CONNECTIONS (Depending on Public Contr)					
Sewer Connections	139 400		(139 400)	Expenditures are dependent on public demands	None
Electricity Connections	615 700	398 826,85	(216 873)	Expenditures are dependent on public demands	None
Water Connections	227 500		(227 500)	Expenditures are dependent on public demands	None
Electricity Network Extensions (Depending on Public Contr)					
	1 215 000	518 945,87	(696 054)	Expenditures are dependent on public demands	None
Vehicle Replacement					
Tractors (x2) replacement Parks	800 000		(800 000)	Tenders were non responsive and the process were redone.	None
Municipal Manager					
Admin -0603					
MM - Furniture and Equipment	5 000	4 200,00	(800)	Savings on the furniture and equipment	None
Project Management -0615					
MM PM: Construction of pedestrian bridge over Donkies River in Tounsvivier	764 000	501 607,96	(262 392)	Tender delayed due to tender dispute	None



BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Statement of Budget Comparison
Material Variance Explanations 30 June 2019

Description	Final Budget 30 June 2019	Revenue/ Expenditure 30 June 2019	% Variance/ Variances greater than R50 000 (under)/over	Reasons for Material Deviations	Impact on Service Delivery
MM PM: Shared Economic Instr Facility for inf traders in Zwelethamba	3 270 080	2 698 312,13	(571 768)	Original estimates to low resulting in higher cost hence a new tender process	None
MM PM: Sewer connection for Riverview neighbourhood centre	170 000	38 180,00	(131 820)	Original estimates to low resulting in higher cost hence a new tender process	None
Community Services					
HOUSING					
Touws River (200) IRDP					
Stormwater					
Stormwater	525 000		(525 000)	*Touwsriver is still a the planning stage and ongoing,the EIA and planning is ongoing normally it take longer than one financial year.*	None
Roads	525 000		(525 000)		
Sewer Reticulation	525 000		(525 000)		
Water Reticulation	525 000		(525 000)		
Zwelethamba 2000 UISP					
Stormwater					
Roads	450 000	69 300,00	(380 700)	Feasibility study in progress - outcome will give the indication for future planning	None
Sewer Reticulation	450 000		(450 000)		
Water Reticulation	450 000		(450 000)		
Unallocated DoRA projects - TRANSHEX					
Transhex - Stormwater	17 500 000	24 146 467,09	6 646 467	Project administrated by Dept Housing and due to their Fin Year end being 3 Month before that of Municipalities there will tend to be differences in the spending and the budget	None
Transhex - Roads	17 500 000	24 146 467,09	6 646 467		
Transhex - Sewer Reticulation	17 500 000	24 146 467,09	6 646 467		
Transhex - Water Reticulation	17 500 000	24 146 467,58	6 646 468		
Worcester Fisher Street Portion of ERF 1-10253 (307) IRDP					
Stormwater - Fisher Street					
Roads - Fisher Street	95 000		(95 000)	Funding constraint - Funds shifted to the 2021/22 financial year - funding committed for the Transhex project	None
Sewer Reticulation - Fisher Street	95 000		(95 000)		
Water Reticulation - Fisher Street	95 000		(95 000)		
Avian Park Albatros street Remainder of ERF 1 (500) IRDP					
Stormwater - Avian Park Albatros street					
Roads - Avian Park Albatros street	250 000		(250 000)	Funding constraint - Funds shift to the 2021/22 financial year - funding committed for the Transhex project	None
Sewer Reticulation - Avian Park Albatros street	250 000		(250 000)		
Water Reticulation - Avian Park Albatros street	250 000		(250 000)		
WATERLOO LIBRARY - 4506					
Waterloo: Upgrade library	1 500 000	1 199 895,20	(300 105)	Slow progress of contractor resulted in delays	None
FIRE DEPARTMENT: ADMIN - 4203					
Fire: Vehicles (Donated Assets)	500 000	31 000,00	(469 000)	Impossible to determine the precise donations that will be received.	None
FINANCIAL SERVICES					
Financial Planning					
FS FP: Safeguarding of Assets	900 000	657 153,67	(242 846)	Tender for Elec substation alarms not completed in time	High. Safety of substations at risk
FS FP: Insurance claims	400 000	83 504,59	(316 495)	Expenditure only incurs when Insurance claim occurs	None
STRATEGIC SUPPORT SERVICES					
INFORMATION TECHNOLOGY - 2114					
Wi-Fi Access Points					
Airconditioner	750 000		(750 000)	Forced changes in the specification required -revised tender process	None
	150 000		(150 000)	Contractor did not perform to the satisfactory of the user department and completion was only done in new year hence the over rolling of the budget	None


 AUDITOR - GENERAL
SOUTH AFRICA

Statement of Budget Comparison

Material Variance Explanations 30 June 2019

Description	Final Budget 30 June 2019	Revenue/ Expenditure 30 June 2019	% Variance/ Variances greater than R50 000 (under)/over	Reasons for Material Deviations	Impact on Service Delivery
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Veriments to Final Adjustment Budget (Reconciliation of Budget Summary)

Revenue By Source

Transfers recognised - operational	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 26 February 2019: Virements was approved by the Municipal Manager and/or the Chief Financial Officer, and it was done in line with the Approved Budget Virement Policy of 2018/2019
Other own revenue	

Expenditure by type

Employee costs	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 26 February 2019: Virements was approved by the Municipal Manager and/or the Chief Financial Officer, and it was done in line with the Approved Budget Virement Policy of 2018/2019
Finance charges	
Materials and bulk purchases	
Transfers and grants	
Other expenditure	

Cash Flow

Cash/ Cash Equivalents at the year end.	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 26 February 2019: Virements was approved by the Municipal Manager and/or the Chief Financial Officer, and it was done in line with the Approved Budget Virement Policy of 2018/2019
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BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest Rand.

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements.

The financial statements have been prepared on a going concern basis.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the 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. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Receivables

The municipality assesses its receivables for impairment at the end of each reporting period. The calculation of the impairment of trade receivables is based on a payment percentage assessment of the individual debtors of the municipality. If an individual debtor has a payment percentage of more than 80%, impairment is not considered. In instances where the payment percentage is less than 80% the individual debtor is impaired based on the actual non-payment percentage of the outstanding debt.

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realisable value at the end of each reporting period. An allowance are made to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell of certain inventory items. The write down is included in the surplus.

Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The fair value of long-term receivables is estimated by discounting the future contracted cash flows at the prime interest rate.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

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

The municipality reviews and tests the carrying value of non-cash generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the following information:

Professional engineers were utilised to determine the cost of rehabilitation of landfill sites, as well as the remaining useful life of each Landfill site. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of Property, Plant and Equipment and Other Assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm and on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality.

At the end of each reporting period the municipality assesses whether there is any indication that the municipality's expectations about the residual value and the useful life of Property, Plant and Equipment has changed since the preceding reporting period. If any such indication exists, the municipality revises the useful life and/or the residual value. These changes are accounted for as a change in accounting estimate and are disclosed in the notes to the financial statements relating to the change in estimates in terms of the Standard of GRAP on accounting policies, changes in estimates and errors.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits and other long-term benefits

The present value of the post retirement obligation and other long-term employee obligations is actuarially determined by independent qualified actuaries on an annual basis. The present value depends on a number of factors, including but not limited to discount rates, expected rate of return on assets, future salary increases, mortality rates and future pension increases, that are determined on an actuarial basis. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the municipality considers market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 19.

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 are valued by independent qualified actuaries on an annual basis and the corresponding liability is raised. Payments are set off against the liability, including notional interest, resulting from the actuarial valuation and are recognized in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the adjustments and changes in actuarial assumptions is recognized in the Statement of Financial Performance in the period that it occurs.

Staff Leave Accrual

The Municipality provides for annual leave as they accrue to employees. The liability is based on the total amount of leave days accrued to employees at year end and the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current year's entitlement is not used in full. The provision will be realized as employees take leave or when employment is terminated, whereupon the leave accrued to the employee that has not been used, is paid out.

Performance Bonus Accrual

The Municipality recognizes a provision relating to the anticipated costs of performance bonuses payable to Section 57 employees, as the costs accrue to the specific employees. Municipal bonus provisions are based on the employment contract stipulations and previous performance bonus trends.

13th Cheque Accrual

The Municipality recognizes a provision relating to the anticipated costs of 13th Cheques as they accrue to employees. The liability at year end is based on the bonus accrued to each employee at yearend.

Effective Interest Rate

The municipality used the prime rate to discount future cash flows.

Allowance for impairment

On receivables an impairment loss is recognized in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.3 Investment property

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

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

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

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

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

Subsequent to initial measurement investment property is measured at fair value.

Fair value

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (See Note 10)

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

Subsequent to initial measurement property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	
• Buildings		10 - 100 years
• Recreational facilities		15 - 100 years
Infrastructure	Straight line	
• Cemeteries		25 - 60 years
• Electricity		5 - 25 years
• Housing		20 - 100 years
• Landfill sites		1 - 55 years

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

• Pedestrian Malls		20 years
• Roads and paving		50 - 80 years
• Security		3 - 25 years
• Sewerage		15 - 75 years
• Water		15 - 100 years
Other property, plant and equipment	Straight line	
• Furniture and fixtures		2 - 20 years
• Special property, plant and equipment		5 - 20 years
• Specialist vehicles		5 - 30 years
• Other equipment		5 - 20 years
• Other vehicles		5 - 30 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the annual financial statements (see note 11).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements. See Note 11.

1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes

- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located;
- changes in the measurement of an existing decommissioning, restoration and similar liability that result from change in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in discount rate; and
- the obligation the municipality incurs for having used the items during a particular period for purposes other than to produce inventories during that period.

The related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers 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 asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

Intangible assets are initially measured at cost.

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Right to access of water	99 years
Computer software, other	3-5 years

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.6 Intangible assets (continued)

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible assets is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the asset is derecognised.

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The municipality recognises a heritage asset as an asset 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.

Where the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in note 13.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

Subsequent to initial measurement classes of heritage assets are carried at cost less any accumulated impairment losses.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is the difference between the net disposal proceeds and the carrying amount and is included in surplus or deficit when the item is derecognised.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.8 Financial instruments

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

Classification

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

Class	Category
Long term receivables	Financial asset measured at amortised cost
Short term receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost

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

Class	Category
Long term liabilities	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent Conditional grants	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus, in the case of a financial asset or a liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.8 Financial instruments (continued)

Fair value measurement considerations

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

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

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

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

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

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1.8 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

Financial liabilities

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

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

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

1.9 Leases

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

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

Operating leases - lessor

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

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

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

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

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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.9 Leases (continued)

Operating leases - lessee

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

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

Any contingent rent is expensed in the period in which they are incurred.

1.10 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Value-added Tax (VAT)

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

1.12 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Include the criteria how Breede distinguish between cash-generating assets from non-cash generating assets. This is a specific GRAP requirement. In the FAQ's there is a list of possible criterias

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

BREED VALLEY MUNICIPALITY

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

Redesignation

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

1.13 Impairment of non-cash-generating assets

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

Identification

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

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

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



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Accounting Policies

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

Include the criteria how non-cash generating assets are distinguish. This is a specific GRAP requirement

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating 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 replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

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

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

Redesignation

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

BREDE VALLEY MUNICIPALITY

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Accounting Policies

1.14 Provisions and Contingencies

Provisions are recognised when:

the municipality has a present obligation as a result of a past event;

it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
a reliable estimate can be made of the obligation.

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when the municipality:

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

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

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

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

A contingent liability is an:

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

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Accounting Policies

1.14 Provisions and Contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

Decommissioning, restoration and similar liability

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

The related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.12 and 1.13.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in surplus or deficit as they occur.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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Accounting Policies

1.15 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

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

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for it in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality accounts for the plan as if it was a defined contribution plan.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered services to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the obligation.

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

- the amount determined above; and

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Accounting Policies

1.15 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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1.15 Employee benefits (continued)

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

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

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

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

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

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

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

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

Termination benefits

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

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

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

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

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

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

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

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Accounting Policies

1.16 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of the Standard of GRAP on Statutory Receivables) means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the accounting policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the accounting policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the accounting policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

Where the municipality is required or entitled to levy additional charges in terms of legislation, supporting regulations, by-laws or similar means on overdue or unpaid amounts, these charges are accounted for in terms of the municipality's accounting policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (taxes and transfers).

Impairment losses

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

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

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Accounting Policies

1.16 Statutory receivables (continued)

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

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

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

Derecognition

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

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

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

1.17 Revenue from exchange transactions

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

Measurement

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

Sale of goods

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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Accounting Policies

1.17 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest, royalties and dividends

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

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

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

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.18 Revenue from non-exchange transactions

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

Recognition

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

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

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Measurement

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

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Property rates

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

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

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

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

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

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

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

Gifts and donations, including goods in-kind

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

Services in-kind

Services in-kind that are significant to the municipality's operations and/or service delivery objectives 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.

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

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Concessionary loans received

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

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.19 Borrowing costs

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

1.23 Accumulated surplus

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

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Accounting Policies

1.24 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.25 Grant in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events given raise to the transfer occurred.

1.26 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 July 2017 to 30 June 2018.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

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

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

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

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



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Accounting Policies

1.28 Events after reporting date

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

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

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

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

1.29 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of the municipality after deducting all of its liabilities.

1.30 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 50 for detail.

1.31 Reclassifications

Reclassification of certain accounts were made in order to comply with the requirements of Municipal Standard Chart of Accounts (MSCOA). The reclassifications have no impact on the net asset value of the municipality.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 50.



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SOUTH AFRICA

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Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

No new standards and interpretations became effective during the current year. The municipality also did not early adopt any standards and interpretations that were issued but not yet effective.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government's housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No. 107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are undertaken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: Background to arrangements undertaken in terms of the national housing programme, Transactions that affect the accounting of housing arrangements, Consider whether the municipality undertakes transactions with third parties on behalf of another party, Accounting by municipalities appointed as project manager, Disclosure requirements, Accounting by municipalities appointed as project developer, Accounting for the accreditation fee, commission, administration or transaction fee received, Land and infrastructure, Conclusion and Application of this Guideline to existing arrangements.

The effective date of the guideline is for years beginning on or after 01 April 2019.

The municipality expects to adopt the guideline for the first time in the 2019/2020 annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. 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); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time in the 2019/2020 annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is for years beginning on or after 01 April 2019.

The municipality expects to adopt the standard for the first time in the 2019/2020 annual financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2019.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time in the 2019/2020 annual financial statements.

IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 annual financial statements.

IGRAP 19: Liabilities to Pay Levies

This Interpretation of the Standards of GRAP provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

To clarify the accounting for a liability to pay a levy, this Interpretation of the Standards of GRAP addresses the following issues:

- What is the obligating event that gives rise to the recognition of a liability to pay a levy?
- Does economic compulsion to continue to operate in a future period create a constructive obligation to pay a levy that will be triggered by operating in that future period?
- Does the going concern assumption imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period?
- Does the recognition of a liability to pay a levy arise at a point in time or does it, in some circumstances, arise progressively over time?
- What is the obligating event that gives rise to the recognition of a liability to pay a levy that is triggered if a minimum threshold is reached?

Consensus reached in this interpretation:

- The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation;
- An entity does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period;
- The preparation of financial statements under the going concern assumption does not imply that an entity has a present obligation to pay a levy that will be triggered by operating in a future period;
- The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time;
- If an obligation to pay a levy is triggered when a minimum threshold is reached, the accounting for the liability that arises from that obligation shall be consistent with the principles established in this Interpretation of the Standards of GRAP; and
- An entity shall recognise an asset, in accordance with the relevant Standard of GRAP, if it has prepaid a levy but does not yet have a present obligation to pay that levy.

The effective date of the interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the interpretation for the first time in the 2019/2020 annual financial statements.

BREED VALLEY MUNICIPALITY

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3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13 175	13 811
Bank balances	94 853 665	105 436 927
	94 866 840	105 450 738

For the purpose of the Cash Flow Statement, Cash and cash equivalents includes Cash on hand and cash in banks. Refer to note 56 on the additional disclosures required by the Municipal Finance Management Act where the detail regarding the bank are disclosed.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at banks and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating			
Current Account	(P-3)	94 853 665	105 436 928
ABSA	(P-3)	-	5 068 377
Nedbank	(P-3)	10 147 767	15 312 268
Investec	(P-1)	-	5 167 753
Standard Bank	(P-3)	5 073 195	10 138 818
FirstRand Bank Limited	(P-1)	-	10 237 592
		110 074 627	151 361 736

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short term debt obligations.

P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short term debt obligations.

P-3 Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short term debt obligations.

4. Receivables from exchange transactions

Gross balances

Availability charges	8 199 637	6 294 498
Electricity	62 998 861	48 067 564
Housing rental	8 228 955	6 319 055
Housing Selling Schemes	305 537	166 106
Refuse	21 079 220	18 702 140
Sewerage	34 164 832	30 714 993
Sundries	7 172 469	4 820 550
Water	32 653 521	26 013 506
	174 803 032	141 098 412

Less: Allowance for impairment

Availability charges	(6 646 894)	(5 457 150)
Electricity	(5 347 687)	(2 625 443)
Housing Selling schemes	(99 972)	(11 024)
Housing rental	(3 696 301)	(4 864 531)
Refuse	(15 150 010)	(12 964 437)
Sewerage	(24 413 229)	(20 790 283)
Sundries	(4 556 765)	(3 244 117)
Water	(17 570 011)	(12 852 270)
	(77 480 869)	(62 809 255)



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4. Receivables from exchange transactions (continued)		
Net balance		
Availability charges	1 552 743	837 348
Electricity	57 651 174	45 442 121
Housing rental	4 532 654	1 454 524
Housing selling schemes	205 565	155 082
Refuse	5 929 210	5 737 703
Sewerage	9 751 603	9 924 710
Sundries	2 615 704	1 576 433
Water	15 083 510	13 161 236
	97 322 163	78 289 157
Electricity		
Current (0 -30 days)	56 769 812	45 152 889
31 - 60 days	3 150 281	499 971
61 - 90 days	351 109	555 795
91 - 120 days	275 027	82 577
121 - 365 days	2 452 635	1 776 335
Less: Allowance for impairment	(5 347 690)	(2 625 446)
	57 651 174	45 442 121
Water		
Current (0 -30 days)	11 393 617	9 469 489
31 - 60 days	1 466 050	1 204 688
61 - 90 days	1 244 033	1 209 327
91 - 120 days	911 259	893 622
121 - 365 days	17 638 562	13 236 380
Less: Allowance for impairment	(17 570 011)	(12 852 270)
	15 083 510	13 161 236
Sewerage		
Current (0 -30 days)	5 203 098	4 818 493
31 - 60 days	1 351 660	1 317 843
61 - 90 days	1 053 702	1 089 616
91 - 120 days	1 016 960	1 012 075
121 - 365 days	25 539 412	22 476 966
Less: Allowance for impairment	(24 413 229)	(20 790 283)
	9 751 603	9 924 710
Refuse		
Current (0 -30 days)	3 017 532	2 783 337
31 - 60 days	794 572	790 431
61 - 90 days	627 947	669 010
91 - 120 days	592 116	622 668
121 - 365 days	16 047 053	13 836 694
Less: Allowance for impairment	(15 150 010)	(12 964 437)
	5 929 210	5 737 703



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4. Receivables from exchange transactions (continued)		
Availability charges		
Current (0 -30 days)	417 788	402 501
31 - 60 days	206 729	204 504
61 - 90 days	166 250	177 838
91 - 120 days	161 667	166 939
121 - 365 days	7 247 203	5 342 716
Less: Allowance for impairment	(6 646 894)	(5 457 150)
	1 552 743	837 348
Housing Selling Schemes		
Current (0 -30 days)	5 810	10 115
31 - 60 days	1 676	3 828
61 - 90 days	1 214	2 953
91 - 120 days	1 067	2 954
121 - 365 days	295 770	146 255
Less: Allowance for impairment	(99 972)	(11 023)
	205 565	155 082
Housing rental		
Current (0 -30 days)	372 519	314 837
31 - 60 days	235 893	215 188
61 - 90 days	195 838	199 335
91 - 120 days	193 330	194 390
121 - 365 days	7 231 375	5 395 305
Less: Allowance for impairment	(3 696 301)	(4 864 531)
	4 532 654	1 454 524
Sundries		
Current (0 -30 days)	1 145 677	1 127 453
31 - 60 days	506 290	52 594
61 - 90 days	362 446	841 761
91 - 120 days	44 345	32 186
121 - 365 days	5 113 711	2 766 556
Less: Allowance for impairment	(4 556 765)	(3 244 117)
	2 615 704	1 576 433



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4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	61 529 910	49 908 606
31 - 60 days	6 059 169	3 340 563
61 - 90 days	3 144 247	3 696 182
91 - 120 days	2 510 480	2 342 351
121 - 365 days	64 075 029	50 608 098
	137 318 835	109 895 800
Industrial/ commercial		
Current (0 -30 days)	14 203 383	12 495 627
31 - 60 days	1 398 681	836 377
61 - 90 days	725 809	925 414
91 - 120 days	579 512	586 455
121 - 365 days	14 790 891	12 670 759
	31 698 276	27 514 632
National and provincial government		
Current (0 -30 days)	2 592 560	1 674 877
31 - 60 days	255 303	112 106
61 - 90 days	132 483	124 040
91 - 120 days	105 779	78 607
121 - 365 days	2 699 799	1 698 351
	5 785 924	3 687 981
Total		
Current (0 -30 days)	78 325 853	64 079 112
31 - 60 days	7 713 152	4 289 046
61 - 90 days	4 002 538	4 745 636
91 - 120 days	3 195 771	3 007 412
121 - 365 days	81 565 718	64 977 208
	174 803 032	141 098 414
Less: Allowance for impairment	(77 480 869)	(62 809 257)
	97 322 163	78 289 157
Less: Allowance for impairment		
31 - 60 days	(6 194 436)	(3 497 716)
61 - 90 days	(3 214 440)	(3 870 067)
91 - 120 days	(2 566 524)	(2 452 545)
121 - 365 days	(65 505 469)	(52 988 927)
	(77 480 869)	(62 809 255)
Total debtor past due but not impaired		
31 - 60 days	1 518 716	791 328
61 - 90 days	788 098	875 569
91 - 120 days	629 246	554 867
121 - 365 days	16 060 248	11 988 281
	18 996 308	14 210 045



BREED VALLEY MUNICIPALITY

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4. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As at 30 June 2019, were receivables from exchange transactions with an amount of R 77 480 869 (2018: R 62 809 255) impaired and provided for.

Reconciliation of allowance for impairment

Balance at beginning of the year	(62 809 255)	(47 236 289)
Contributions to allowance	(34 354 634)	(31 560 965)
Debt impairment written off against allowance	19 683 020	15 987 999
	<u>(77 480 869)</u>	<u>(62 809 255)</u>

Receivables from exchange transactions past due but not impaired

All trade receivables that are past due at the end of the reporting period are considered for impairment. It is expected that the trade receivables not impaired will be received by the municipality. The Council regards receivables from exchange transactions to be due for outstanding amounts more than 30 days to be past due. The impairment of receivables from exchange transactions is calculated based on the historic payment rate per individual receivable. It is expected that the trade receivables not impaired will be received by the municipality.

As of 30 June 2019 receivables from exchange transactions of R18 996 308 (2018: R14 210 045) were past due not impaired.

Credit quality of receivables from exchange transactions

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

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5. Receivables from non-exchange transactions		
Gross balances		
Rates	28 275 898	29 736 118
Traffic fines	76 833 388	151 224 100
Traffic revenue receivable	59 671	59 671
Receivables fraud	129 999	129 999
Housing board subsidies	507 643	422 643
	105 806 599	181 572 531
Less: Allowance for impairment		
Rates	(15 154 179)	(17 847 673)
Traffic fines	(57 100 698)	(120 018 886)
	(72 254 877)	(137 866 559)
Net balance		
Rates	13 121 719	11 888 445
Traffic fines	19 732 690	31 205 214
Traffic revenue receivable	59 671	59 671
Receivables fraud	129 999	129 999
Housing board subsidies	507 643	422 643
	33 551 722	43 705 972
Rates		
Current (0 -30 days)	8 195 923	8 334 300
31 - 60 days	1 025 833	894 319
61 - 90 days	512 051	589 046
91 - 120 days	392 196	506 115
121 - 365 days	18 149 896	19 412 338
> 365 days	(15 154 179)	(17 847 673)
	13 121 720	11 888 445
Summary of rates receivables by customer classification: Rates		
Consumers		
Current (0 -30 days)	6 438 416	6 491 247
31 - 60 days	805 857	696 549
61 - 90 days	402 248	458 784
91 - 120 days	308 094	394 193
121 - 365 days	14 257 891	15 119 478
	22 212 506	23 160 251
Industrial/ commercial		
Current (0 -30 days)	1 486 225	1 625 215
31 - 60 days	186 022	174 395
61 - 90 days	92 854	114 866
91 - 120 days	71 120	98 694
121 - 365 days	3 291 250	3 785 467
	5 127 471	5 798 637



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SOUTH AFRICA

BREED VALLEY MUNICIPALITY

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Figures in Rand	2019	2018
5. Receivables from non-exchange transactions (continued)		
National and provincial government		
Current (0 -30 days)	271 282	217 838
31 - 60 days	33 955	23 375
61 - 90 days	16 949	15 396
91 - 120 days	12 982	13 229
121 - 365 days	600 756	507 393
	935 924	777 231
Total		
Current (0 -30 days)	8 195 923	8 334 300
31 - 60 days	1 025 833	894 319
61 - 90 days	512 051	589 046
91 - 120 days	392 196	506 116
121 - 365 days	18 149 896	19 412 338
	28 275 899	29 736 119
Less: Allowance for impairment	(15 154 179)	(17 847 673)
	13 121 720	11 888 446
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(774 187)	(745 802)
61 - 90 days	(386 440)	(491 224)
91 - 120 days	(295 987)	(422 066)
121 - 365 days	(13 697 566)	(16 188 580)
	(15 154 180)	(17 847 672)
Total receivables past due but not impaired		
31 - 60 days	251 646	148 517
61 - 90 days	125 611	97 821
91 - 120 days	96 209	84 049
121 - 365 days	4 452 330	3 223 757
	4 925 796	3 554 144
Reconciliation of Traffic fines		
Opening balance	31 205 214	22 007 864
New receivables traffic fines	32 218 825	88 647 850
Write Offs	(98 710 936)	(48 780 530)
Payment of old fines	(7 898 600)	(406 070)
Provision for impairment movement	63 304 173	(30 263 900)
	20 118 676	31 205 214
Receivables from non-exchange transactions impaired		
As of 30 June 2019, receivables from non-exchange transactions were impaired by R72 254 877 (2018: R137 866 559) and provided for.		
Reconciliation of allowance for impairment: Rates		
Balance at beginning of the year	17 847 672	13 163 303
Contributions to allowance	(1 650 360)	5 762 344
Debt impairment written off against allowance	(1 043 132)	(1 077 975)
	15 154 180	17 847 672



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Figures in Rand	2019	2018
5. Receivables from non-exchange transactions (continued)		
Reconciliation of allowance for impairment: Traffic Fines		
Balance at beginning of the year	120 018 885	89 754 985
Contributions to allowance	35 792 750	79 044 430
Debt impairment written off against allowance	(98 710 937)	(48 780 530)
	<u>57 100 698</u>	<u>120 018 885</u>

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

6. Other receivables from exchange transactions

Loans granted	5 735	3 306
Other receivables	1 526 084	3 427 832
PAYE	931 731	931 731
Prepaid expenses	1 341 353	21 116 610
Recoverable expenses	319 836	235 786
Less: Allowance for impairment	(4 124)	(3 306)
	<u>4 120 615</u>	<u>25 711 959</u>

The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external ratings (if available) or to historical information about default rates.

Reconciliation of allowance for impairment

Opening Balance	(3 306)	(2 376)
Increase in provision for the year	(818)	(930)
	<u>(4 124)</u>	<u>(3 306)</u>

7. Inventories

Consumable stores	9 883 981	14 442 554
Water stock	541 113	513 075
	<u>10 425 094</u>	<u>14 955 629</u>

Inventories recognised as an expense during the year 17 260 339 16 319 074

During the year no inventory was written off.

Inventory pledged as security

None of the above Inventory has been pledged as security.

8. VAT receivable

South African Revenue Service	<u>910 722</u>	<u>13 708 021</u>
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The municipality is registered on the cash basis. No penalties and fines were incurred during the year.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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Figures in Rand	2019	2018
9. Short term investments		
Other fixed deposits	15 000 000	45 000 000
Current assets		
Short term portion of investment	15 000 000	45 000 000

Short term fixed deposits are made with various banks for a period from 1 - 12 months. The interest rates earned vary between 7.17 % and 8.20%.

10. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	43 750 400	-	43 750 400	21 785 500	-	21 785 500

Reconciliation of investment property - 2019

	Opening balance	Disposals	Transfers received	Fair value adjustments	Total
Investment property	21 785 500	-	6 760 225	15 204 675	43 750 400

Reconciliation of investment property - 2018

	Opening balance	Disposals	Transfers	Fair value adjustments	Total
Investment property	21 018 000	-	-	767 500	21 785 500

Pledged as security

None of the above investment property have been pledged as security.

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was Sunday, 30 June 2019. Revaluations were performed by an independent valuer, Mr Coenraad Botha, of HCB Property Valuations. Mr Botha is a Professional Valuer registered at SACVP. HCB Property Valuations is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Amounts recognised in surplus and deficit for the year:

The rental revenue earned from investment property for the financial year amounts to R 339 369 (2018: R 200 627).

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10. Investment property (continued)

In the previous year the expenditure on investment property ran through one department who managed all repairs and maintenance on the municipality's structures and therefore an accurate split for the amount of investment properties operating expense could not be made for prior years. The operating expenses (including repairs and maintenance) incurred on the investment property for the financial were as follow :

Repairs and maintenance per class of asset type

Buildings	-	-
	3 724	1 038
	<u>3 724</u>	<u>1 038</u>

Repairs and maintenance per nature of expense

Contracted services	3 724	1 038
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11. Property, Plant and Equipment

	2019				2018				
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Buildings	304 301 404	(180 297 778)	124 003 626	275 630 453	(177 667 601)	97 962 852			
Infrastructure	2 868 885 243	(1 100 617 020)	1 768 268 223	2 669 970 405	(1 033 647 289)	1 636 323 116			
Land	233 614 537	-	233 614 537	239 657 087	-	239 657 087			
Other property, plant and equipment	129 656 051	(53 641 871)	76 014 180	97 233 190	(42 844 611)	54 388 579			
Total	3 536 457 235	(1 334 556 669)	2 201 900 566	3 282 491 135	(1 254 159 501)	2 028 331 634			

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	97 962 852	32 863 114	-	(838 788)	-	(5 983 553)	-	124 003 626
Infrastructure	1 636 323 116	197 413 475	(25 745)	2 731 146	-	(68 173 768)	-	1 768 268 223
Land	239 657 087	-	-	(6 042 550)	-	-	-	233 614 537
Other property, plant and equipment	54 388 579	35 654 868	(745 456)	1 470	184 419	(13 399 353)	(70 345)	76 014 180
Total	2 028 331 634	265 931 457	(771 201)	(4 148 722)	184 419	(87 556 674)	(70 345)	2 021 900 566

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Buildings	97 948 031	5 345 536	(114)	-	-	(5 330 601)	97 962 852
Infrastructure	1 510 532 772	185 133 625	-	7 209 814	-	(66 553 095)	1 636 323 116
Land	239 675 837	-	(18 750)	-	-	-	239 657 087
Other property, plant and equipment	58 864 451	10 543 150	(107 323)	-	(2 185 111)	(12 726 588)	54 388 579
Total	1 907 021 091	201 022 311	(126 187)	7 209 814	(2 185 111)	(84 610 284)	2 028 331 634



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11. Property, Plant and Equipment (continued)

Pledged as security

None of the above property, plant and equipment have been pledged as security.

Work in progress

The work in progress balances included in the property plant and equipment balance is as follows:

Buildings	10 012 222	3 145 449
Infrastructure	234 648 448	100 300 245
	<u>244 660 670</u>	<u>103 445 694</u>

No funding challenges have been experienced in the 2018/19 financial year and work in progress balances were mainly as a result of projects being multi-year projects.

The following expenditure was incurred to repair and maintain property plant and equipment:

Repairs and maintenance per allocation to asset type

Infrastructure	40 157 916	41 195 084
General Vehicles	8 300 143	5 649 663
Plant and Equipment	3 578 019	1 595 854
Furniture and other Office Equipment	1 371 209	1 679 999
Other Buildings	8 534 620	11 836 670
	<u>61 941 907</u>	<u>61 957 270</u>

Repairs and maintenance per nature of expense

Contracted Services	37 196 859	49 984 054
Labour	11 205 069	9 707 173
Material	13 539 979	2 266 043
	<u>61 941 907</u>	<u>61 957 270</u>

Change in Accounting Estimate

A review of useful lives was done on assets. During the review certain infrastructure and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change effects that period only; or the period of the change in future periods, if the change effects both. Management concluded that it should apply the change in estimate prospectively from the start of 2019 and therefore the depreciation charge was applied prospectively from 1 July 2018 over the remaining useful life of these assets. The effect of the change in accounting estimate is further disclosed in note 49.

The total cost of fully depreciated assets still in use amounts to R2 168 903. These are items that do not have an active market and cannot be sold when it is no longer in use.

Other Information

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to Appendix B for more detail on property, plant and equipment.

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Restated*

12. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 848 755	(2 221 099)	627 656	2 781 346	(1 973 883)	807 463
Right of use of water	4 275 264	(470 509)	3 804 755	4 275 264	(427 758)	3 847 506
Total	7 124 019	(2 691 608)	4 432 411	7 056 610	(2 401 641)	4 654 969

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	807 463	71 600	(100)	(251 305)	627 657
Right of use of water	3 847 506	-	-	(42 752)	3 804 754
	4 654 969	71 600	(100)	(294 057)	4 432 411

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	1 203 705	(396 242)	807 463
Water rights	3 890 376	(42 870)	3 847 506
	5 094 081	(439 112)	4 654 969

Pledged as security

None of the above intangible assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

* See note 50



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Restated*

13. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art	12 575 100	-	12 575 100	12 575 100	-	12 575 100
Books	585 959	-	585 959	585 959	-	585 959
Land	16 770 000	-	16 770 000	16 770 000	-	16 770 000
Buildings	6 700 000	-	6 700 000	6 700 000	-	6 700 000
Total	36 631 059	-	36 631 059	36 631 059	-	36 631 059

Reconciliation of heritage assets 2019

	Opening balance	Total
Art	12 575 100	12 575 100
Books	585 959	585 959
Land	16 770 000	16 770 000
Buildings	6 700 000	6 700 000
Other (specify class)	-	-
	36 631 059	36 631 059

Reconciliation of heritage assets 2018

	Opening balance	Total
Art	12 575 100	12 575 100
Books	585 959	585 959
Land	16 770 000	16 770 000
Buildings	6 700 000	6 700 000
	36 631 059	36 631 059

Other information

The municipality assessed whether there is an indication that heritage assets needs to be impaired. No impairment loss on heritage assets was recognised for the period under review.

No expenditure was incurred to repair and maintain heritage assets.

None of the above heritage assets have been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
14. Long term receivables		
Housing selling schemes loans		
Housing selling schemes	108 686	128 764
Less: Allowance for impairment	(39 714)	(43 518)
	68 972	85 246
Welfare loans		
Welfare loans	-	2 070
Less: Allowance for impairment	-	(881)
	-	1 189
Housing loans - personnel		
Housing personnel	213 525	289 495
Arrangements		
Arrangements	7 390 219	10 207 014
Less: Allowance for impairment	(3 986 977)	(5 718 676)
	3 403 242	4 488 338
Less: Current Portion transferred to current receivables		
Housing selling schemes	(6 318)	(7 082)
Welfare loans	-	(2 072)
Housing personnel	(14 431)	(21 994)
Arrangements	(3 787 665)	(2 807 488)
	(3 808 414)	(2 838 636)
Less: Current Portion of allowance for impairment transferred to current receivables		
Housing selling schemes	-	(881)
Welfare loans	(2 303)	(2 394)
Arrangements	(2 043 422)	(2 283 924)
	(2 045 725)	(2 287 199)
Long term receivables- Net		
Long term receivables - non-current portion	1 923 050	4 312 831
Long term receivables - current portion	1 762 689	551 437
	3 685 739	4 864 268

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

2019

2018
Restated*

14. Long term receivables (continued)

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration's housing programme. These loans attract interest of prime plus 1 % per annum and are repayable over a maximum period of 30 years.

Welfare loans

Welfare loans are granted to qualifying organisations in terms of the provincial administration's housing programme. These loans attract interest at prime plus 1% per annum and are repayable over a maximum period of 30 years.

Housing loans - Personnel

Housing loans were granted to personnel and attract interest at between 7.5% and 15% per annum and are repayable over periods not exceeding 30 years.

Land sales

Loans were granted to individuals for purchasing land from the municipality. These loans attract interest at prime plus 1% and are repayable over periods not exceeding 2 years.

Arrangements

The arrangements consist of consumer receivables with whom the council has negotiated repayment terms. These arrangements attract no interest and the repayment periods of up to 30 years.

As of 30 June 2019 long term receivables of R4 026 691 (2018: R5 763 075) were impaired. The individually impaired receivables mainly relate to those receivables who have agreements with the municipality to pay their debt over a long period. The ageing of these individually impaired receivables is more than 365 days based on the nature of long term receivables.

15. Payables from exchange transactions

Credit balances closed	395 279	30 049
Ex Retentions	290 039	290 039
Lease liability	107 157	270 153
Other payables	3 069 673	2 755 702
Payments received in advance	6 913 324	4 310 978
Retentions	5 793 813	6 688 280
Sundry deposits	649 905	546 460
Trade payables	73 073 556	84 879 570
	90 292 740	99 771 225

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
16. Consumer deposits		
Electricity	1 893 284	1 792 073
Water	2 190 055	2 120 086
	<u>4 083 339</u>	<u>3 912 159</u>
Guarantees		
Guarantees held in lieu of Electricity and Water deposits	<u>20 500</u>	<u>22 000</u>
<p>Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. Council policy dictates that all accounts are owner accounts. Consumer deposits are refunded to the owner when a house is sold after the municipality has issued a clearance certificate. A clearance certificate will only be issued to the old owner if the municipal account is up to date.</p>		
17. Unspent conditional grants and receipts		
Balances at year end		
Unspent grants	<u>21 301 107</u>	<u>47 472 305</u>
Movement during the year		
Balance at the beginning of the year	47 472 305	28 363 641
Total Government receipts	272 757 834	281 846 230
Conditions met- capital grants	(165 737 866)	(132 878 165)
Conditions met- operating grants	(126 887 200)	(115 718 808)
Conditions met- Housing grants	(6 388 966)	(13 986 549)
Included in other receivables	507 643	422 643
From other receivables	(422 643)	(576 687)
	<u>21 301 107</u>	<u>47 472 305</u>
<p>The allocations and subsidies received from National and Provincial Government as well the District Municipality, have been deposited into the Council's own bank account. The allocations received have been utilised in accordance with the conditions set. Where all the conditions have not yet been met, the total allocations have not been utilised. The outstanding conditions will be met prior to/or when the balance of the allocations is utilised. The percentage of the allocations utilised is an indication of the conditions met. Where the total of the allocations were utilised, all the conditions have been met. Also refer to Appendix D for further detail regarding unspent conditional grants.</p>		
18. Long term liabilities		
At amortised cost		
Annuity loans	<u>220 375 642</u>	<u>230 071 602</u>
<p>Refer to Appendix A for further information on long term liabilities.</p>		
Non-current liabilities		
At amortised cost	<u>203 881 100</u>	<u>214 291 004</u>
Current liabilities		
At amortised cost	<u>16 494 542</u>	<u>15 780 598</u>

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*		
19. Employee benefit obligation				
Reconciliation of employee benefits - 2019				
	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	140 089 000	7 570 371	(5 940 371)	141 719 000
Long service awards	18 558 000	3 291 584	(1 962 584)	19 887 000
Performance bonus	778 941	947 787	(778 940)	947 788
Staff leave accrual	19 681 710	3 833 793	(1 781 355)	21 734 148
13th cheque accrual	5 374 398	817 333	-	6 191 731
	184 482 049	16 460 868	(10 463 250)	190 479 667
Reconciliation of employee benefits - 2018				
	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	140 855 000	5 029 138	(5 795 138)	140 089 000
Long service awards	17 421 000	3 021 413	(1 884 413)	18 558 000
Performance bonus	307 785	753 012	(281 856)	778 941
Staff leave accrual	16 932 404	3 946 280	(1 196 974)	19 681 710
13th cheque accrual	4 969 145	405 253	-	5 374 398
	180 485 334	13 155 096	(9 158 381)	184 482 049
Non-current employee benefits				
Provision for Post-retirement medical aid benefits			135 405 299	134 008 000
Long service awards			17 772 628	16 797 101
			153 177 927	150 805 101
Current employee benefits				
Provision for Post-retirement medical aid benefits			6 313 701	6 081 000
Long service awards			2 114 372	1 760 899
Performance bonus			947 788	778 940
Staff leave accrual			21 734 148	19 681 711
13th cheque accrual			6 191 731	5 374 398
			37 301 740	33 676 948
Post-Retirement medical aid benefit: Movements				
Opening balance			140 089 000	140 855 000
Benefits paid			(5 940 371)	(5 795 138)
Net expense recognised			7 570 371	5 029 138
			141 719 000	140 089 000
Post-Retirement medical aid benefit: Net expense recognised				
Current service cost			4 972 000	4 788 000
Interest cost			15 043 000	16 798 000
Actuarial losses/(Gains)			(12 444 629)	(16 556 862)
			7 570 371	5 029 138
Long service awards: Movements				
Opening balance			18 558 000	17 421 000
Benefits paid			(1 962 584)	(1 884 413)
Net expense recognised			3 291 584	3 021 413
			19 887 000	18 558 000

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
19. Employee benefit obligation (continued)		
Long service awards: Net expense recognised		
Current service cost	1 386 000	1 302 000
Interest cost	1 830 000	1 792 000
Actuarial losses/(Gains)	75 584	(72 587)
	3 291 584	3 021 413

Defined benefit plan

Post retirement medical aid plan

Current and continuation members receive a 60% and 70% subsidy respectively of medical and contributions in retirement. The spouse and child dependants of an employee are entitled to a 60% and 70% subsidy respectively of their contributions in the event of the principal members' death in-service. In the event of the death of the principal member, the spouse becomes the principal member.

In 2019: 68% (2018: 66%) of the employees belonged to the above plan. The plan is defined as a post-retirement medical benefit plan.

Long service awards

All permanent employees are entitled to a specified number of days additional leave based on their service. The employee may convert the additional leave into a cash amount.

In 2019: 11.76 % (2018: 19.09%) of the employees qualified for long service awards.

Key assumptions used

The municipality made use of an independent firm to perform the valuation of post-retirement medical aid benefits and long service awards. Niel Fourie (B.Comm) (CERA) (FASSA) and Julian van der Spuy (B.Comm Actuarial Science) from ZAQ Consultants and Actuaries were the experts for the valuation. The key assumptions used by the experts are listed below for the last valuation on 30 June 2019:

Post Retirement medical aid benefit: Discount rate	10,99 %	9,95 %
Post Retirement medical aid benefit: Healthcare cost inflation	8,52 %	7,98 %
Long service awards: Discount rates	Yield curve	Yield curve
Long service awards: Discounts Salary inflation	CPI+1%	CPI+1%

The nominal and real zero curves as at 28 June 2019 supplied by the JSE are the basis used to determine the discount rate and CPI assumptions at each relevant time period.

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the service	6 668 000	4 002 000
Effect on defined interest cost	18 569 000	13 532 000
Effect on defined benefit obligation	172 051 000	123 936 000

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
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19. Employee benefit obligation (continued)

Assumed salary inflation trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed salary inflation trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the service	1 593 000	1 341 000
Effect on defined interest cost	2 108 000	1 817 000
Effect on defined benefit obligation	21 364 000	18 556 000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all 894 (2018: 875) of its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

The last valuation of the Municipal Workers Retirement Fund (Previously the SAMWU National Provident Fund) was done on 30 June 2017.

The last valuation of the SALA Pension Fund was done on 1 July 2018.

The last valuation of the Consolidated Retirement Fund for Local Government (previously Cape Joint Retirement Fund) was performed on 30 June 2017.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2018.

The valuers of the respective funds were satisfied that the plan is in a sound financial position.

Contributions by Council in respect of employees retirement funding. The contributions have been expensed which amounted to R 29 481 628 (2018: R 27 037 764).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R1 516 148 (2018: R1 475 921).

Contributions to medical aid funds

Contributions to medical aid funds for employees	17 232 205	15 622 316
Contributions to medical aid funds for councillors	261 200	181 511
Contributions to medical aid funds for pensioners	5 940 371	5 795 138
	23 433 776	21 598 965

Cape Joint Retirement and Pension Fund for Local Government

This multi-employer fund was established with effect from 1 May 1996 to provide insured death, disability and pension benefits to its members.

The contribution rate for members is 9% of basic salary, whilst the respective Local Authorities are contributing 18%.

This defined benefit plan is accounted for as a defined contribution plan as the municipality's liability in the proportionate share of actuarial gains and losses cannot readily be determined.

The last statutory valuation performed as at 30 June 2018 revealed that the funding level of the share account was 100.4 % and the pension account was 128%. At the valuation date the municipality had 759 members (Fund: 45 272 members) and nil pensioners (Fund: 618 pensioners) belonging to the fund.

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*			
20. Provisions: Landfill Site					
Reconciliation of provisions - 2019					
	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	81 473 049	184 420	-	3 815 654	85 473 123
Closure site	1 219 978	-	(63 868)	-	1 156 110
	82 693 027	184 420	(63 868)	3 815 654	86 629 233
Reconciliation of provisions - 2018					
	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	78 930 239	(2 185 111)	-	4 727 921	81 473 049
Closure site	986 994	-	232 984	-	1 219 978
	79 917 233	(2 185 111)	232 984	4 727 921	82 693 027
Non-current liabilities				85 473 123	81 473 049
Current liabilities				1 156 110	1 219 978
				86 629 233	82 693 027

The provision for landfill site for De Doorns was done for a 8.5 year period, the Worcester site for a period of 2 months. Touwsriver is a closure site and is expected to be closed in the following 5 year period. No expenses have been incurred to date and the only movement is the contribution for the year. An assessment was done by JPCE (Pty) Ltd (Specialist Waste Management Consultants), an independent expert.

The unwinding of the provision for landfill site for the current year amounting to R 3 815 654 (2018: R 4 727 921) was included in the rehabilitation figure in the statement of financial performance as well as the Touwsriver closure cost as a provision reversal of R 63 868 (2018: provision of R 232 984).

21. Service charges

Electricity	389 166 342	351 232 975
Water	70 217 003	56 725 239
Sewerage and sanitation	67 133 021	65 381 487
Refuse removal	38 310 223	34 887 210
	564 826 589	508 226 911

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
22. Sales of Goods and Rendering of Services		
Advertisement	182 865	445
Building Plan Approval	924 674	1 026 294
Camping Fees	364 592	338 913
Cemetary and Burial	931 519	968 029
Clearance Certificate	166 380	118 596
Entrance Fees	1 172 961	1 123 568
Fire Services	188 731	251 541
Photocopies and Faxes	56 665	72 283
Removal of Restrictions	304	15 629
Prints	18 962	22 554
Tender Documents	114 617	147 666
Sub-division and Consolidation Fees	160 282	55 713
Recycling of Waste	13 667	12 789
Valuation Services	107 562	71 173
	4 403 781	4 225 193
23. Rental income		
Operating lease rentals		
Housing Rentals	3 890 876	4 482 487
Other rental revenue	6 098 943	3 802 192
	9 989 819	8 284 679
24. Operational revenue		
Incidental Cash surpluses	2 498	2 595
Commission	229 756	220 494
Breakages and losses recovered	10 014	15 442
Administrative handling fees	4 032 738	3 478 631
Insurance refund	891 935	191 838
Merchandising jobbing and contracts	32 315	38 811
Municipal information and statistics	6 473	5 280
Staff Recoveries	97 199	68 039
Request for information	280	-
	5 303 208	4 021 130
25. Finance income		
Interest revenue		
Bank	11 232 875	16 555 890
Outstanding debtors	4 454 449	4 631 728
	15 687 324	21 187 618

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
26. Property rates		
Rates received		
Residential	64 721 653	59 634 999
Commercial	34 538 497	31 410 608
State	13 817 299	12 852 690
Small holdings and farms	13 524 499	12 224 582
Other	1 068 830	1 045 246
Industrial	8 057 313	7 838 207
	135 728 091	125 006 332

Valuations

	R'000	R'000
Land	6 350 850	6 015 586
Improvements	18 054 745	18 038 844
	24 405 595	24 054 430

The valuations for land and improvements include De Doorns, Rawsonville, Touwsriver, Worcester and rural areas. Valuations on land and buildings are performed every five years. The last general valuation came into effect on 1 July 2016. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual and monthly basis with the final date for payment being 30 September 2018. Interest at prime plus one per annum and a collection fee, is levied on rates outstanding two months after due date. Monthly levies are allowed on application. A differentiated rebate up to 100% is granted to owners under certain circumstances. The basic rates for the above mentioned areas were charged for land and improvements at 0.8278 c/R (2018:0.7809 c/R) and for industrial and commercial sites at 1.6556 c/R (2018: 1.5618c/R).

27. Government grants and subsidies

Operating grants

Equitable share	108 977 000	98 097 000
Financial management grant	1 550 000	1 550 000
Housing projects	6 388 966	13 986 549
Other grants and donations	3 066 000	2 093 000
Provincial government	13 250 577	14 476 596
	133 232 543	130 203 145

Capital grants

Capital Grants	165 737 865	131 654 445
Total Government grants & subsidies	298 970 408	261 857 590

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Balance unspent at beginning of year	-	-
Current year receipts	108 977 000	98 097 000
Conditions met- transferred to revenue	(108 977 000)	(98 097 000)
	-	-

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
27. Government grants and subsidies (continued)		
Financial Management Grant		
Current year receipts	1 550 000	1 550 000
Conditions met- transferred to revenue	(1 550 000)	(1 550 000)
	<u>-</u>	<u>-</u>
EPWP		
Current-year receipts	3 066 000	2 093 000
Conditions met - transferred to revenue	(3 066 000)	(2 093 000)
	<u>-</u>	<u>-</u>
Housing projects		
Balance unspent at beginning of year	11 444 028	14 031 265
Current-year receipts	6 391 326	16 279 545
Conditions met - transferred to revenue	(6 388 966)	(13 986 549)
Other	(1 449 005)	(4 880 233)
	<u>9 997 383</u>	<u>11 444 028</u>
Conditions still to be met - remain liabilities (see note 17).		
LGWSETA Staff Development Grant		
Balance unspent at beginning of year	95 827	-
Current-year receipts	638 557	478 236
Conditions met - transferred to revenue	(734 384)	(284 588)
Other	-	(97 821)
	<u>-</u>	<u>95 827</u>
Conditions still to be met - remain liabilities (see note 17).		
Provincial government		
Balance unspent at beginning of year	67 453	899 631
Current-year receipts	12 094 082	12 655 721
Conditions met - transferred to revenue	(12 016 193)	(13 392 009)
Other	1 214 658	(95 890)
	<u>1 360 000</u>	<u>67 453</u>
Conditions still to be met - remain liabilities (see note 17).		

* See note 50

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
27. Government grants and subsidies (continued)		
Cape Winelands		
Balance unspent at beginning of year	-	300 000
Current-year receipts	500 000	500 000
Conditions met - transferred to revenue	(500 000)	(800 000)
	<u>-</u>	<u>-</u>
Capital Grants		
Balance unspent at beginning of year	34 691 715	13 132 745
Current-year receipts	139 540 869	148 333 181
Conditions met - transferred to revenue	(165 737 865)	(131 654 445)
Other	1 449 005	4 880 234
	<u>9 943 724</u>	<u>34 691 715</u>
Conditions still to be met - remain liabilities (see note 17).		
Services in kind		
The municipality received services in kind under voluntary or non voluntary schemes which included free training, workshops, cleaning services and technical assistance from government departments and entities. These services have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives. The cost and fair value of these services in-kind could also not be measured reliably.		
28. Fines, penalties and forfeits		
Damaged meters	351 004	324 502
Library	50 199	51 621
Traffic fines	36 336 704	110 486 243
Retentions	502 380	1 115 217
	<u>37 240 287</u>	<u>111 977 583</u>
29. Employee related costs		
Basic	168 799 409	152 026 660
Group life insurance	2 741 959	2 514 158
Bonus	13 354 179	11 715 294
Medical aid contributions	23 172 576	21 417 454
Unemployment Insurance Fund	1 640 570	1 605 131
Service Related Benefits	22 889 541	23 989 407
Travel and car allowances	7 843 996	7 521 227
Overtime payments	18 536 520	16 819 957
Acting allowances	1 785 975	1 164 598
Housing benefits and allowances	1 975 262	1 533 555
Other Allowances	8 752 216	7 928 136
Contribution to employee benefits	29 972 937	27 148 395
	<u>301 465 140</u>	<u>275 383 972</u>

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
29. Employee related costs (continued)		
Municipal Manager: D Mc Thomas		
Annual Remuneration	1 508 758	1 454 194
Car Allowance	124 008	95 000
Performance Bonuses	225 617	124 277
Contributions to UIF, Medical and Pension Funds	50 933	48 236
Group life insurance	16 829	16 244
	1 926 145	1 737 951
Financial Officer: R Ontong		
Annual Remuneration	1 016 809	911 731
Car Allowance	151 326	236 514
Performance Bonuses	184 441	29 028
Contributions to UIF, Medical and Pension Funds	205 317	180 928
Group life insurance	17 082	15 317
	1 574 975	1 373 518
Director - Technical Services: J Steyn		
Annual Remuneration	1 148 579	1 209 752
Car Allowance	240 000	120 000
Performance Bonus	184 441	14 514
Contributions to UIF, Medical and Pension Funds	1 955	2 125
	1 574 975	1 346 391
Director - Strategic Support Service: R Esau		
Annual Remuneration	991 057	928 183
Car Allowance	168 000	168 000
Performance Bonus	184 441	114 037
Contributions to UIF, Medical and Pension Funds	231 477	223 379
Group life insurance	16 316	15 250
Acting Allowance	46 985	-
	1 638 276	1 448 849
Director - Community Service: J Marthinus		
Annual Remuneration	18 157	1 034 819
Car Allowance	2 401	120 037
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	7 388	233 574
Leave	86 083	-
	114 029	1 388 430

The contract of Mr.J.Marthinus expired as Community Service Director on 6 July 2018. Mr.R. Esau acted as Community Service Director during the period that the post was vacant.

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
29. Employee related costs (continued)		
Community Service Director: S. Swartz		
Annual Remuneration	646 564	-
Car Allowance	144 000	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	107 379	-
Group life insurance	9 076	-
	907 019	-

Mr S. Swartz was appointed as Community Service Director on 1 October 2018.

Employee costs as percentage of total expenditure for 2019 is 31.45% (2018: 28.37%). The industry norm is between 30-35%. This figure excludes the remuneration of councillors, as disclosed in note 29 to the Financial Statements.

The remuneration of the employees is within the upper limits of the SALGA Bargaining Council determinations.

30. Remuneration of councillors

Executive mayor	776 603	749 055
Deputy Executive Mayor	620 527	602 204
Chief whip	545 371	528 513
Speaker	622 330	597 682
Mayoral committee members	4 698 813	4 131 864
Councillors	8 633 682	8 624 090
Councillors pension contribution	1 516 148	1 475 921
Councillors medical aid contribution	261 200	181 511
	17 674 674	16 890 840

Remuneration of Councillors:

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
A Steyn	<u>636 342</u>	<u>140 261</u>	<u>127 268</u>	<u>903 871</u>
Deputy Executive Mayor				
JD Levendal	<u>557 238</u>	<u>63 289</u>	<u>111 448</u>	<u>731 975</u>
Speaker				
NP Mecuur	<u>548 225</u>	<u>74 105</u>	<u>109 645</u>	<u>731 975</u>
Chief Whip				
Goedeman	<u>463 446</u>	<u>81 925</u>	<u>143 632</u>	<u>689 003</u>

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019		2018 Restated*	
30. Remuneration of councillors (continued)				
Mayco Members				
R Farao	507 256	80 296	101 451	689 003
JP Kritzinger	531 256	51 496	106 251	689 003
SJ Mei	542 356	80 896	65 751	689 003
WR Meiring	530 802	52 041	106 160	689 003
M Sampson	469 783	106 216	110 633	686 632
EY Sheldon	513 256	55 816	119 931	689 003
JF Van Zyl	483 256	109 096	96 651	689 003
JJ Von Willingh	479 285	105 706	47 466	632 457
	4 057 250	641 563	754 294	5 453 107
Councillors				
MN Bushwana	210 807	89 772	15 811	316 390
EN Isaacs	229 308	64 190	22 892	316 390
C Ismail	226 618	89 772	-	316 390
N Ismail	271 990	44 400	-	316 390
JR Jack	252 929	46 066	17 395	316 390
J Jafta	253 014	44 400	18 976	316 390
P Langata	253 014	44 400	18 976	316 390
ZM Mangali	253 014	44 400	18 976	316 390
T Maridi	253 014	44 400	18 976	316 390
P Maran	197 986	78 430	-	276 416
ESC Matjan	257 604	48 181	10 605	316 390
SM Mkhwane	253 014	44 400	18 976	316 390
VI Mngcele	253 014	44 400	18 976	316 390
CM Mohobo	253 014	44 400	18 976	316 390
N Nel	304 345	72 166	16 944	393 455
A Pietersen	244 505	53 547	18 338	316 390
PC Ramokhabi	228 380	44 400	43 610	316 390
J Robinson	253 014	44 400	18 976	316 390
IL Tshabile	234 055	64 781	17 554	316 390
P Tyira	226 618	89 772	-	316 390
K Van der Horst	20 274	3 700	1 521	25 495
E van der Westhuizen	228 587	53 454	34 349	316 390
W Vrolick	253 014	44 400	18 976	316 390
J Von Willingh	18 633	5 463	1 397	25 493
TM Wehr	226 618	89 772	-	316 390
NP Williams	240 958	44 400	31 032	316 390
MT Williams	212 740	44 400	59 250	316 390
CF Wilskut	253 014	44 400	18 976	316 390
NJ Wullschleger	253 014	44 400	18 976	316 390
MR Jacobs (Solomons)	253 014	44 400	18 976	316 390
LG Willemse	174 525	30 568	12 651	217 744
	7 043 648	1 590 034	531 061	9 164 743

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
31. Debt impairment		
Impairments		
Receivables from exchange transactions	28 996 745	27 480 552
Receivables from non-exchange transactions	33 899 030	84 764 327
	62 895 775	112 244 879
32. Depreciation and amortisation		
Property, plant and equipment	87 556 677	84 610 284
Amortisation: Intangible assets	294 057	439 112
Impairment	70 345	-
	87 921 079	85 049 396
33. Bulk purchases		
Electricity	281 236 011	261 541 414
Water	6 069 184	3 279 659
	287 305 195	264 821 073
34. Finance costs		
External borrowings	24 682 411	26 038 600
35. Contracted services		
Consultants and Professional services		
Accounting and Auditing	3 248 254	8 229 640
Audit Committee	115 040	103 332
Geodetic Control and Surveys	-	38 410
Human Resources	720 544	99 368
Issue of Summons	-	355 586
Legal Advice and Litigation	1 338 307	711 865
Medical Examinations	22 597	25 457
Research and advisory	682 801	50 370
Valuer and Assessors	-	37 219
Laboratory Services	31 830	40 312
Infrastructure and Planning	714 038	-
	6 873 411	9 691 559

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
35. Contracted services (continued)		
Outsourced Services		
Administrative and Support Staff	224 965	215 095
Alien Vegetation Control	491 404	-
Animal Care	-	100 000
Burial Services	535 754	709 269
Business and Advisory	325 252	-
Commissions and Committees	-	4 596
Call Centre	36 000	-
Catering Services	289 496	81 632
Clearing and Grass Cutting Services	801 145	-
Cleaning Services	1 696	15 840
Drivers Licence Cards	671 974	773 726
Litter Picking and Street Cleaning	2 423 113	782 000
Hygiene Services	314 464	195 970
Meter Management	385 170	515 500
Personnel and Labour	15 184 878	17 536 035
Refuse Removal	1 514 516	1 547 673
Sewerage Services	2 057 857	-
Security Services	447 862	5 156 343
Translators Scribes and Editors	80 434	126 985
Traffic Fines Management	-	961 449
Valuer	396 973	517 923
Veterinary Services	2 365	1 230
Transport Services	122 600	166 612
	26 307 918	29 407 878
Contractors		
Catering Services	4 000	178 335
Electrical Services	6 995 517	5 548 451
Employee Wellness	747	254 330
Event Promoters	1 004 311	12 582
Gardening Services	67 220	5 040
Graphic Designers	117 465	-
Maintenance of Buildings and Facilities	5 563 584	13 450 182
Maintenance of Equipment	5 314 437	9 560 275
Maintenance of Unspecified Assets	10 970 356	21 884 758
Medical Services	106 362	38 254
Municipal services	-	-
Pest Control and Fumigation	8 000	-
Plants Flowers and Other Decorations	41 521	7 565
Prepaid Electricity Vendors	737 481	-
Tracing Agents and Debt Collectors	85 100	13 580
Transportation	8 460	-
Safeguard and Security	8 002 472	7 857 098
Sewerage Services	25 000	87 719
Forestry	9 500	-
	39 061 533	58 898 169
	72 242 862	97 997 606
36. Grants and subsidies paid		
Grants and subsidies	16 316 998	12 806 720

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
37. Operational cost		
Achievements and Awards	224 178	86 521
Advertising, Publicity and Marketing	1 331 940	2 640 315
Assets less than the Capitalisation Threshold	161 897	-
Drivers Licences and Permits	14 787	15 543
Bank Charges	849 480	1 377 345
Bargaining Council	108 983	99 510
Cleaning services	113 611	134 590
Commission	5 638 090	5 091 959
Communication - Postage/Stamps	1 037 813	1 095 955
Communication - Telephone and fax	2 722 878	3 293 674
Courier and Delivery Services	5 073	1 095
Entertainment	144 086	223 729
External Audit Fees	4 551 118	3 935 478
External Computer Service	5 170 541	4 244 140
Resettlement Cost	45 329	-
Full Time Union Representative	201 173	169 519
Hire Charges	4 387 903	4 197 420
Insurance (Premiums)	3 822 012	2 772 803
Insurance (excess payments)	304 148	1 015 464
Learnerships and Internships	2 842 749	951 354
Licences (Radio and Television)	84 193	35 568
Motor Vehicle Licence and Registrations	699 100	588 530
Municipal Activities	18 350	1 003 941
Municipal Services	1 588 478	1 700 657
Printing Publications and Books	126 295	76 485
Professional Bodies Membership and Subscription	3 218 302	2 960 302
Provisions for rehabilitation of landfill sites	3 751 786	4 960 906
Registration fees	238 423	1 169 910
Remuneration to Ward Committees	447 335	410 400
Ward Committee Activities	-	2 016 496
Protective clothing	1 340 291	1 280 785
Rewards Incentives	4 300	103 868
Skills Development Fund Levy	3 071 251	2 757 964
Travel and Subsistence	671 734	1 259 076
Water Resource Management Charges	1 549 044	3 317 435
Workmen's Compensation Fund	1 552 247	1 388 562
Bursaries	707 708	398 598
System Access and Information Fees	48 287	-
Signage	6 512	-
	52 801 425	56 775 897
38. Fair value adjustments		
Fair value adjustment on investment property	15 204 675	767 500
Other financial assets		
• Discounting of long term receivables: Movement for the year	1 901 088	1 646 259
	17 105 763	2 413 759

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
39. Service related benefits		
Performance Bonus	947 787	753 012
Post retirement medical aid benefit	1 630 000	(766 000)
Long service awards	3 291 584	3 021 413
Provision for leave payments	3 833 793	3 946 280
Provision for 13th cheques	817 333	405 253
Actuarial gain/(loss)	12 369 045	16 629 449
	22 889 542	23 989 407
40. Cash generated from operations		
Surplus	158 804 164	105 231 279
Adjustments for:		
Depreciation, amortisation and impairment	87 921 077	85 049 396
Loss/ (Profit) on sale of assets and liabilities	(2 963 506)	95 087
Fair value adjustments	(17 105 763)	(2 413 759)
Operating lease straight lining	-	(457 993)
Finance income	(703 847)	(363 089)
Debt impairment	62 895 775	112 244 879
Actuarial gain/loss	(12 369 045)	(16 629 449)
Movements in retirement benefit assets and liabilities	28 829 913	29 784 547
Movements in provisions	3 936 206	-
Rehabilitation	120 552	4 960 905
Donated assets	(31 000)	(1 999 827)
Other non-cash items	(758 949)	1 226 167
Changes in working capital:		
Inventories	1 919 033	(10 733 691)
Receivables from exchange transactions	(45 977 879)	(24 528 163)
Receivables from non-exchange transactions	(27 532 218)	(94 310 605)
Other receivables from non exchange	22 294 373	(18 596 093)
Payables from exchange transactions	(9 478 481)	6 585 380
VAT receivable	12 797 299	(10 427 210)
Unspent conditional grants and receipts	(26 171 198)	19 108 664
Employee benefit obligation	(10 463 251)	(9 158 381)
	225 963 255	174 668 044

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	<u>27 626 385</u>	<u>60 657 384</u>
Total capital commitments	<u>27 626 385</u>	<u>60 657 384</u>
All capital commitments exclude VAT		
This committed expenditure relates to infrastructure and will be financed through external loans, reserves and grants.		
This Expenditure will be financed from:		
External loans	-	1 641 611
Government grant	1 834 354	57 334 597
Capital replacement reserve	25 792 031	1 681 176
	<u>27 626 385</u>	<u>60 657 384</u>
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	1 572 706	1 186
- in second to fifth year inclusive	1 689 736	93 068
- later than five years	78 026	199 970
	<u>3 340 468</u>	<u>294 224</u>

Certain of the municipality's property are held to generate rental income. The escalation clauses for the lease income varies between 5% to 10%. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease. The straight lining of leases resulted in increased current year income of R 162 997 (2018: decrease R 65 932).

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
42. Contingent liabilities		
Guarantees		
Guarantee Eskom (Nedbank)	63 400	63 400
Guarantee South Africa Post Office Limited (Nedbank)	120 000	120 000
	183 400	183 400
Legal Matters		
Worcester Land Trust/BVM Case No.3168/6- Contractual claim against the municipality	31 037 841	31 037 841
Workmens Compensation Act- Current investigation about a dispute regarding an outstanding amount due by Council	1 646 110	1 646 110
Public Liability Insurance claims based on quotations and could result in a lesser amount or more. It is the view of management that it is unlikely that these claims will be payed out but might realise due to past experiences.	6 504 443	5 045 113
Claims for damages- it is the view of management that it is unlikely that these claims will be payed out but might realise due to past experiences.	85 853	91 154
ASLA- Claim in respect of housing projects	-	1 100 000
Kleinplasia rental- Izak Joubert	-	831 968
	39 274 247	39 752 186

43. Related parties

Awards and payments to persons with relatives in the service of Breede Valley Municipality :

1. DJ X-Zito - Xolile Vas (Spouse/Husband of Nonthando Vas-Employee Number 11028) Nonthando Vas is an Typist/Clerk - Human Resources Department within the Strategic Support Services Directorate of the Breede Valley Municipality	28 750	13 090
2. Lee-Handro Enterprises - Sheryl Manuel (Spouse/Wife of William Manuel-Employee Number 3431) William Manuel is a General worker - Public Works,Buildings & Structure at the Breede Valley Municipality	70 600	38 500
3. NE Mayeki Taxi's - Nombulelo Mayeki (Parent/Mother of G Simpiwe Mayeki-Employee Number 11042) Simpiwe Mayeki is the Manager-Human Settlements - Community Services at the Breede Valley Municipality	-	2 250
4. T H Traders - Trevor Human (Brother of Deon Human-Employee Number 3538) // (Spouse/Husband of Ashlin Human) Deon Human is a Storeman - Public Works & Parks at the Breede Valley Municipality Ashlin Human is an Accountant - Witzenberg Municipality	113 370	48 200
5. T.S Bushwana Taxis - Thamsanqa Bushwana (Father of Letitia Bushwana) Letitia Bushana is a Clerk at the credit control section within the Breede Valley Municipality	24 000	27 300
6. Golimas Pty Ltd- Goliath Jacobs (Parent/Father of Brumilda Jacobs -Employee Number 2266) Brumilda Jacobs is an Intern - Internal Audit (Office of the Municipal Manager) at the Breede Valley Municipality	51 200	85 575
7. Touwsrivier Civil Construction - Ernest Lottering (brother of Ivan Lottering)Ivan Lottering is employed as a General Worker at cemeteries within the Breede Valley Municipality	26 850	91 558
8. Saadia Neethling Catering Services - Saadia Neethling (Sister to Yusuf Esau) Yusuf Esau is employed by the Breede Valley Municipality as a carpenter	18 500	-
9. April Boukontrakteur - Megan Wehr (sister to Allen Swarts) Allen Swarts is employed by the Breede Valley Municipality as a plumber	213 846	-
10.CJ Construction - Channelle Jaftha (spouse of JP Jaftha) JP Jaftha is a councillor for the the Breede Valley Municipality	30 000	-

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018 Restated*
43. Related parties (continued)		
11. Hexvallei Sekuriteit - Marius Pheiffer (spouse of Marinda Pheiffer) Marinda Pheiffer is a senior clerk (income) at the Breede Valley Municipality	52 350	-
	629 466	306 473
Awards and payments to persons with relatives in the service of other Municipalities:		
12. Kemanzi (Pty) Ltd - Hazel Du Toit (Wife of Jeremy Du Toit) Jeremy Du Toit is employed by the City of Cape Town as a Traffic Inspector	580 751	409 020
13. Vuyani Electrical Supplies cc - Julia Aghulas (mother of Marvin Aghulas) Marvin Aghulas is employed by the City of Cape Town as an Electrician	-	156 484
14. Excellence Bodyworks - Ndudumo Elliot Fonk (Father of N.P. Memani) N.P. Memani is employed at Bitou Municipality	4 626	7 080
15. Engineering Advise and Services cc - Anton Westerberg (a brother to Shaun and Mark Westerberg) Shaun and Mark are employed by the Buffalo City and Mossel Bay Municipalities, respectively	80 995	-
16. Gryde Enterprise - Cecilia Cook (mother of Jowin Cook)	6 550	-
17. Donmic Construction and Forestry (Pty) Ltd - Donovan Thomas (spouse to Michelle Thomas) Michelle Thomas is a cashier at Theewaterskloof Municipality	231 811	-
	904 733	572 584
Awards and payments to persons with relatives in other State Departments		
18. Conradie Incorporated - Andries Francois Conradie (husband of Tara Conradie). Tara Conradie is an employee in the Western Cape Education Department.	-	463 153
19. Ikapa Reticulation and Flow - Randall Davids (Husband of Sophia Davids). Sophia Davids is an employee in the Western Cape Education Department	214 338	601 065
20. SUCCIDO Enterprises (Pty) Ltd - Iram Kram (Wife of Lesley Kram) Lesley Kram is an employee at Transnet.	-	125 856
21. CS Traffic Engineering and Consulting Services - Charles Schroeder (Brother of John Schroeder) John Schroeder is an Officer at Parliament	4 980	179 906
22. Mvambane Tradings CC - Anna Nomvula Mooi (Parent/Mother of Luyanda Mooi) Luyanda Mooi is the Correctional Officer in the Department of Correctional Services	-	23 500
23. Faibriges Wertheim Becker - Adela Petersen (Sister to Shaheed Hoofmeester) Shaheed Hoofmeester is employed by the Department of Education	183 878	214 577
24. HNS Technologies - Marthinus Scheffers (Father to Linzi Petersen) Linzi Petersen is employed by the WCED as an Educator	28 700	-
25. Alpha Civil - F. James (Husband of Priscilla James) F. James is a principal at WCED: Eden Training Centre	-	280 293
26. Masiqhame Trading 77cc - Sandile Gxilishe (father of Simpiwe Gxilishe) Simpiwe Gxilishe is an Educator at the WCED	80 434	-
27. Sannicare cc - Izak Majiet (father of Charlton Majiet) Charlton Majiet is employed by the Department of Transport as a supervisor (Test Stations)	543 381	-
28. Casella Holdings - Nadine Solomons (sister to Bianca Crowder) Bianca Crowder is employed by the EMS Metro as an Ambulance Driver	23 902	-
29. Mpumamanzi Group - Caroline Bowers (daughter of Rosslyn Bowers) Rosslyn Bowers is a Social Worker at the Western Cape Government	90 321	-
	1 169 934	1 888 350

The total related party payments for the year amounts to R 2 704 133 (2018: R 2 767 407)

44. Unauthorised and fruitless and wasteful expenditure

No fruitless and wasteful expenditure was incurred during the financial year ended 30 June 2019.

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand

45. Unauthorised expenditure

No unauthorised expenditure was incurred during the financial year ended 30 June 2019.

46. Irregular expenditure

No irregular expenditure was incurred during the financial year ended 30 June 2019.

Opening balance	-	54 825
Less: Amounts condoned	-	(54 825)
	-	-

Analysis of expenditure awaiting condonation per age classification

47. Deviation from supply chain management regulations

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 Accounting Officer and noted by Council.

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them in the next council meeting and includes a note to the annual financial statements.

During the financial year under review goods/services totalling R23 726 505 (2018: R15 655 344) were procured and the process followed in procuring those goods/services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Accounting Officer that considered them and subsequently approved the deviation from the normal supply chain management regulations. The reasons were categorised as sole suppliers, emergency, exceptional and impractical cases as well as special work of art.

A detailed list of deviations is disclose in Appendix J and available on the municipality's website.

Deviations for year

Emergencies	170 739	718 633
Sole provider	67 791	385 727
Impractical or impossible to follow the SCM process	23 487 975	14 536 484
Special work of art	-	14 500
	23 726 505	15 655 344

48. Material losses

Water distribution losses

Units supplied	13 317 770	12 569 124
Units sold	(11 135 455)	(10 802 841)
	2 182 315	1 766 283

Electricity distribution losses

Units bought	302 916 313	300 068 505
Units sold	(281 171 282)	(280 162 315)
	21 745 031	19 906 190

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand

48. Material losses (continued)

Percentage loss in distribution

Water distribution losses	16,39%	14,05%
Electricity distribution losses	7,18%	6,63%

49. Change in estimate

Property, plant and equipment

Property, plant and equipment: A review of useful lives was done on assets. During the review, certain infrastructure, buildings, motor vehicles and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change effects that period only; or the period of the change in future periods, if the change effects both. Management concluded that it should apply the change in estimate prospectively from the start of 2019 and therefore the depreciation charge was applied prospectively from 1 July 2018 over the remaining useful life of these assets.

	2018 R	2019 R	2020 R
Decrease/(Increase) in depreciation on other assets for the year	229 438	189 661	50 425
Decrease/(Increase) in depreciation on infrastructure for the year	645 907	(126 955)	(135 701)
Decrease/(Increase) in depreciation on intangibles for the year	79 406	(14 588)	(14 588)
	954 751	48 118	(99 864)

The effect on the current year is to increase the carrying amount of property, plant and equipment by R 954 751 and decrease the depreciation expense by R 954 751 .

50. Prior Period Errors

Due to incorrect accounting treatment of the following financial transactions the figures of the prior year had to be restated:

Error 1: Payment to Salga was incorrectly classified.

Error 2: Incorrect estimation of the total rand value of unused prepaid electricity at year end.

Error 3: Interest on investments and long term loans have not been capitalised.

Below is a summary of the total effect of prior period errors and reclassifications of comparative figures as previously disclosed in the annual financial statements, followed by a descriptions of each individual prior period error and reclassification with the amounts involved.

Statement of financial performance Revenue	Balance as previously reported	Prior period error	Reclassified	Total
Service Charges	508 435 906	(208 995)	-	508 226 911
Sales of goods and rendering of services	4 225 193	-	-	4 225 193
Income from agency services	7 630 035	-	-	7 630 035
Licenses	3 108 413	-	-	3 108 413
Rental income	8 284 679	-	-	8 284 679
Operational revenue	4 021 130	-	-	4 021 130
Finance Income	21 187 618	-	-	21 187 618
Property rates	125 006 332	-	-	125 006 332
Property rates - penalties imposed and collection	1 469 544	-	-	1 469 544
Government grants and subsidies	261 857 590	-	-	261 857 590
Fines, penalties and forfeits	111 977 583	-	-	111 977 583
	1 057 204 023	(208 995)	-	1 056 995 028

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand

Expenses				Total
Employee related cost	(276 664 757)	-	1 280 785	(275 383 972)
Remuneration of councillors	(16 890 840)	-	-	(16 890 840)
Debt impairment	(112 244 879)	-	-	(112 244 879)
Depreciation, amortisation and impairment	(85 049 396)	-	-	(85 049 396)
Bulk purchases	(264 821 073)	-	-	(264 821 073)
Finance cost	(26 038 600)	-	-	(26 038 600)
Contracted services	(97 997 608)	2	-	(97 997 606)
Grants and subsidies paid	(12 806 720)	-	-	(12 806 720)
Inventory consumed	(13 188 690)	-	-	(13 188 690)
Operating leases	(9 354 438)	-	-	(9 354 438)
Operational cost	(58 511 033)	3 015 921	(1 280 785)	(56 775 897)
	(973 568 034)	3 015 923	-	(970 552 111)

				Total
Operating (deficit)/surplus	83 635 989	2 806 928	-	86 442 917
Actuarial gains/(losses)	16 629 449	-	-	16 629 449
Fair value adjustments	2 413 759	-	-	2 413 759
Loss on disposal of assets	(95 087)	-	-	(95 087)
Inventory losses	(159 757)	-	-	(159 757)
	102 424 353	2 806 928	-	105 231 281

Statement of financial position Current assets	Balance as previously reported	Prior period error	Reclassified	Total
Inventory	14 955 629	-	-	14 955 629
Vat receivable	13 708 021	-	-	13 708 021
Receivables from exchange transactions	78 289 157	-	-	78 289 157
Receivables from non exchange transactions	43 705 972	-	-	43 705 972
Other receivables from non exchange transactions	26 636 768	(924 809)	-	25 711 959
Short term investments	45 000 000	924 809	-	45 924 809
Long term receivables	551 437	-	-	551 437
Cash and Cash Equivalents	105 450 738	-	-	105 450 738
	328 297 722	-	-	328 297 722

Non-current assets				Total
Investment property	21 785 500	-	-	21 785 500
Property, plant and equipment	2 028 331 634	-	-	2 028 331 634
Intangible assets	4 654 969	-	-	4 654 969
Heritage assets	36 631 059	-	-	36 631 059
Long term receivables	4 312 831	-	-	4 312 831
	2 095 715 993	-	-	2 095 715 993

* See note 50



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand

				Total
Current liabilities				
Payables from exchange transactions	108 931 690	(9 160 465)	-	99 771 225
Consumer deposits	3 912 159	-	-	3 912 159
Unspent conditional grants and receipts	47 472 305	-	-	47 472 305
Long term liabilities	9 427 059	6 353 539	-	15 780 598
Employee benefit obligation	33 676 948	-	-	33 676 948
Provisions	1 219 978	-	-	1 219 978
	204 640 139	(2 806 926)	-	201 833 213
Non-current liabilities				
Long term liabilities	214 291 004	-	-	214 291 004
Employee benefit obligation	150 805 101	-	-	150 805 101
Provision	81 473 049	-	-	81 473 049
	446 569 154	-	-	446 569 154
Nett Asset Restatement				
	Previously Reported	Prior Period Error	Reclassified	Total
Accumulated surplus previously reported	1 772 804 420	2 806 928	-	1 775 611 348
	Previously Reported	Prior Period Error	Reclassified	Restated Balance
Restated Balance 1 July 2017	1 669 153 898	-	-	1 669 153 898
Net income directly recognised	1 226 169	-	-	1 226 169
Surplus previously reported	102 424 353	2 806 928	-	105 231 281
Salga expense recognised in wrong financial year	-	3 015 921	-	-
Rounding differences	-	2	-	-
Prepaid Electricity incorrectly recognised	-	(208 995)	-	-
	1 772 804 420	2 806 928	-	1 775 611 348
	Previously Reported	Prior Period Error	Reclassified	Total
Restated balance 1 July 2019	1 775 611 348	-	-	1 775 611 348

Due to the changes as reflected above in the Statement of Financial Performance and Statement of Financial Position, this resulted in the cashflow statement also to be restated. Please refer to details of each reclassification below for the nature and impact of the reclassification.

* See note 50



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Cash Flow Statement	Balance as previously reported	Prior period error	Reclassified	Total
Cash flows from services and rate payers	626 598 102	715 816	-	627 313 918
Cash flows from government and other grants	278 966 428	-	-	278 966 428
Finance income:investing activities	20 824 529	-	-	20 824 529
	926 389 059	715 816	-	927 104 875
Payments				Total
Cash paid to employees	(272 929 434)	1 280 786	-	(271 648 648)
Cash paid to suppliers	(434 517 533)	(7 425 329)	-	(441 942 862)
Finance costs	(26 038 600)	-	-	(26 038 600)
Grants paid	(12 806 720)	-	-	(12 806 720)
	(746 292 287)	(6 144 543)	-	(752 436 830)
Cash flows from investing activities				Total
Purchase of property, plant and equipment	(199 022 483)	-	-	(199 022 483)
Proceeds from sale of property, plant and equipment	31 101	-	-	31 101
Long term receivables	3 735 550	-	-	3 735 550
Increase/ decrease in investment	45 000 000	(924 809)	-	44 075 191
	(150 255 832)	(924 809)	-	(151 180 641)
Cash flows from financing activities				Total
Repayment of long term liabilities	(17 199 997)	6 353 539	-	(10 846 458)
Movement in consumer deposits	231 645	-	-	231 645
	(16 968 352)	6 353 539	-	(10 614 813)
Net increase/(decrease) in cash and cash equivalents	12 872 588	-	-	12 872 588
Cash and cash equivalents at the beginning of the year	92 578 150	-	-	92 578 150
	105 450 738	-	-	105 450 738

Protective Clothing previously classified as Employee related cost to the amount of R 1 280 785 are reclassified to be disclosed as Operational Cost.

* See note 50



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51. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets

	At amortised cost	Total
Cash and cash equivalents	94 866 840	94 866 840
Receivables from exchange transactions	97 322 163	97 322 163
Receivables from non- exchange transactions	697 313	697 313
Other receivables from non- exchange transactions	2 779 262	2 779 262
Long term receivables	3 685 738	3 685 738
Short term investments	15 220 962	15 220 962
	214 572 278	214 572 278

Financial liabilities

	At amortised cost	Total
Long term Liabilities	220 375 643	220 375 643
Consumer deposits	4 083 339	4 083 339
Payables from exchange transactions	83 379 415	83 379 415
Unspent conditional grants	21 301 107	21 301 107
	329 139 504	329 139 504

Statutory receivables

	At amortised cost	Total
Rates	13 121 719	13 121 719
Fines	19 732 690	19 732 690
	32 854 409	32 854 409

2018

Financial assets

	At amortised cost	Total
Cash and cash equivalents	105 450 738	105 450 738
Receivables from exchange transactions	78 289 157	78 289 157
Receivables from non- exchange transactions	612 313	612 313
Other receivables from non- exchange transactions	4 595 349	4 595 349
Long term receivables	4 864 268	4 864 268
Short term investments	45 924 809	45 924 809
	239 736 634	239 736 634

* See note 50



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51. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Long term Liabilities	230 071 602	230 071 602
Consumer deposits	3 912 159	3 912 159
Payables from exchange transactions	95 460 247	95 460 247
Unspent conditional grants	47 472 305	47 472 305
	376 916 313	376 916 313

Statutory receivables

	At amortised cost	Total
Rates	11 888 445	11 888 445
Fines	31 205 214	31 205 214
	43 093 659	43 093 659

Financial instruments in Statement of financial performance

52. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Prudent liquidity risk management implies maintaining sufficient cash and investments, the availability of funding for service delivery through effective budgeting and availability of credit facilities. The municipality manages its risks through effective and efficient budgeting and credit control. The liquidity risk is thus limited.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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

At 30 June 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	83 379 415	-	-	-
Consumer deposits	4 083 339	-	-	-
Long term liabilities	16 494 543	11 701 644	43 767 993	148 411 463
Unspent conditional grants	21 301 107	-	-	-
	125 258 404	11 701 644	43 767 993	148 411 463
At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	95 460 247	-	-	-
Consumer deposits	3 912 159	-	-	-
Long term liabilities	15 780 598	10 409 904	39 278 191	164 602 909
Unspent conditional grants	47 472 305	-	-	-
	162 625 309	10 409 904	39 278 191	164 602 909

* See note 50



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52. Risk management (continued)

Credit risk

Credit risk is managed by debt collection department. The credit risks, rates and consumer receivables, are managed in terms of the credit control and debt collection as well as the indigent relief policies.

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

Receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account past experience with the client's payment rate. Sales to customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument		
Receivables from exchange transactions	97 322 163	78 289 157
Receivables from non-exchange transactions	697 313	612 313
Other receivables from non exchange transactions	2 779 262	4 595 349
Long term receivables	3 685 739	4 864 268
Short term investments	15 220 962	45 924 809
Cash and cash equivalents	94 866 840	105 450 739
	<u>214 572 279</u>	<u>239 736 635</u>

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

A potential interest rate risk may arise from the short term deposits, cash and cash equivalents, consumer receivables, other receivables and long term receivables.

The short term deposits and cash and cash equivalents has limited exposure as the municipality interacts with well-established financial institutions of high credit standing. The investments are further of a short term nature.

Consumer receivables comprise of receivables dispersed over a large geographical area. The receivables are constantly analysed and evaluated for their financial condition. Receivables are disclosed net of the allowance for impairment. Where the accounts of the receivables become in arrears, they are collected through the levying of a penalty, the charging of interest at prime or the handing over for collection.

Long term receivables comprise mainly of the deferred consumers which shown at a fair value. The remaining long term receivables if required are charged interest at a fixed rate. The long term receivables are evaluated annually for impairment.

The municipality's has a low interest rate risk as a long-term borrowing are made on fixed interest rates.

As the municipality has no long term variable rate financial instruments no sensitivity analysis is required at year end.

Price risk

The municipality is not exposed to price risk.

* See note 50



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53. In-kind donations and assistance

In-kind donations, in the form of assets, to the value of R31 000 have been received by the Municipality during the 2018/19 financial year.

54. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

55. Events after the reporting date

No non-adjusting events have occurred after the reporting date.

56. Additional disclosure in terms of Municipal Finance Management Act

Municipal bank accounts

Bank statement balances	30 June 2019	30 June 2018	30 June 2017
ABSA Bank - Worcester Branch Cheque Account	-	82 833 362	100 181 392
Nedbank - Worcester Branch Cheque Account	97 491 252	31 524 496	-
	97 491 252	114 357 858	100 181 392

Cash book balances	30 June 2019	30 June 2018	30 June 2017
	94 853 665	105 436 928	92 546 325

Membership fees: SALGA

Current year subscription / fee		3 128 922	2 875 930
Amount paid - current year		(3 128 922)	(2 875 930)
		-	-

Audit fees

Opening balance		-	-
Current year subscription / fee		4 551 118	3 935 478
Amount paid - current year		(4 551 118)	(3 935 478)
		-	-

PAYE and UIF

Opening balance		3 195 983	3 013 844
Current year subscription / fee		43 646 174	38 086 308
Amount paid - current year		(40 023 780)	(34 890 326)
Amount paid - previous years		(3 195 983)	(3 013 843)
		3 622 394	3 195 983

* See note 50



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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56. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and medical aid deductions

Opening balance	(203 073)	(213 485)
Current year subscription / fee	86 443 413	78 564 047
Amount paid - current year	(86 081 118)	(78 767 120)
Amount paid - previous years	203 073	213 485
	<u>362 295</u>	<u>(203 073)</u>

VAT

VAT receivable	<u>910 722</u>	<u>13 708 021</u>
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All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

As at 30 June 2019 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.

Supply chain management regulations

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 Council. The expenses incurred as listed hereunder have been condoned.

A detailed list of deviations is in Appendix J available and on the municipality's website.

* See note 50

BREED VALLEY MUNICIPALITY
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EXTERNAL LOANS

Mun. Ref.	Fin Inst. Ref.	Date Received	Amount Received	Date Redeemable	Transactions for the year to date:		Interest Paid	Redeemed	Add: Interest Accrued Current Year	Balance as at 30/06/2019	Carrying Value	Short term Portion	Long term Portion
					Balance as at 30/06/2018	Received							
EXTERNAL LOANS													
ANNUITY & STOCK LOANS													
3-0004-60725100						223 716 063,10	24 951 312,34	9 427 058,37	6 084 638,36	214 291 004,13	352 079 349,33	10 409 903,52	203 881 100,61
8											1 312 056,77		
556		14/07/2005	21 736 259,25	31/03/2014							8 843 695,89		
557		14/11/2005	22 000 000,00	31/03/2015							11 984 163,92		
558		26/06/1997	9 179 000,00	31/03/2009							34 008,65		
559		02/11/1999	3 000 000,00	31/03/2014	0,00						1 939 788,56		
560		10647/102	3 000 000,00	31/03/2017							377 569,31		
561		10736/102	7 000 000,00	31/03/2017							1 302 898,31		
562		25/07/1997	7 000 000,00	30/06/2009							5 243 422,35		
2569		102124/1	25 000 000,00	30/09/2016	0,00						14 143 255,88		
2991		29/09/2006	50 000 000,00	30/09/2016							31 080 320,35		
2992		29/09/2006	5 000 000,00	30/09/2012							1 260 651,81		
5027		102831/1	23 000 000,00	31/03/2018							15 652 363,85		
5028		102832	40 000 000,00	31/03/2008							29 903 914,06		
5029		31/03/2008	2 000 000,00	31/03/2015							122 902,76		
11097		103649/2	21 000 000,00	31/03/2030		15 437 949,52	1 028 419,03	869 942,33	245 337,14	14 568 007,19	17 390 265,77	927 583,01	13 640 424,18
11098		103649/1	29 000 000,00	31/03/2030		23 536 081,27	2 818 171,85	948 960,23	680 865,59	22 587 121,04	25 022 678,31	1 061 696,85	21 525 424,19
11099		103649/3	50 000 000,00	31/03/2030		41 529 864,01	1 758 660,24	1 758 660,24	1 124 034,72	39 771 293,77	41 907 748,12	1 954 427,88	37 816 865,89
11100		103649/4	50 000 000,00	31/03/2030		42 105 639,30	4 797 587,54	1 762 408,46	1 157 723,68	40 343 230,84	44 179 249,72	1 961 720,48	38 381 510,36
11101		103649/5	51 000 000,00	31/03/2030		44 800 297,78	1 803 285,68	1 803 285,68	1 329 985,94	42 997 012,20	47 428 661,90	2 013 638,17	40 983 374,03
19975		61007341	38 500 000,00	31/03/2036		37 376 330,13	691 814,76	691 814,76	1 068 457,11	36 684 515,37	36 311 827,50	737 488,76	35 947 026,61
19976		61007374	21 500 000,00	31/03/2026		18 931 911,09	1 592 087,37	2 007 502,68	478 214,28	17 339 823,72	16 637 865,33	1 753 348,37	15 586 475,35



INTEREST ALLOCATED INCOME & EXPENDITURE		Amount
Department	Main Vote	
Operational Services: Admin	1503	487 140,11
P.W. Stormwater Drains: Worce	1533	334 635,28
P.W.: Street Lighting	1536	24 071,02
P.W. Streets: Worcester	1539	2 099 582,94
BTO: Admin	2403	-9 930,86
Boland Park Sportground	5130	100 930,99
R.F.: Parks (Other)	5151	211 343,28
R.R. Removal: Worcester	6603	33 011,47
Sew.:Disp.Works-Touwsrivier	6905	755 889,97
Sew.: Disp. Works-Worcester	6906	9 192 765,08
Sew.: Disp. Works-Rawsonville	6907	155 092,64
Sew. Networks: Worcester	6912	1 100 825,19
Elec.: Network & Substation	8112	7 113 025,93
Network & Pumps: Worcester	8412	517 785,25
W.M.: Fairy Glen D	8415	2 472,62
Bulk Water De Doorns	8416	39 132,59
W.M.: Stettynskloof Dam	8418	2 154 465,26
Res.: Vehicle distribution	8660	370 168,55
		24 682 411,31
Interest Paid		24 951 312,34
Interest Accrued	2017/18	(6 353 539,38)
Interest Accrued	2018//19	6 084 636,36
Total		24 682 411,31



BREDE VALLEY MUNICIPALITY
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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2019									
	Opening balance as previously stated 30-06-2018	Prior period error	Restated opening balance 30/06/2018	Additions	Gap 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30-06-2019
LAND	239 657 087		239 657 087				-6 042 550			233 614 537
BUILDINGS	275 630 453		275 630 453	32 863 114			-838 788		(3 353 375)	304 301 404
INFRASTRUCTURE	2 669 970 405		2 669 970 405	197 413 475	2 611 502		119 643		(1 229 782)	2 868 885 243
HERITAGE ASSETS	36 631 059		36 631 059							36 631 059
OTHER ASSETS	97 233 190		97 233 190	35 654 868			1 470	184 419	(3 417 896)	129 656 051
INTANGIBLE ASSETS	7 056 610		7 056 610	71 600					(4 180)	7 124 020
INVESTMENT PROPERTY	21 785 500		21 785 500			15 204 675	6 760 225			43 750 400
Total	3 347 964 304	-	3 347 964 303	266 003 058	2 611 502	15 204 675	-0	184 419	-8 005 243	3 623 962 714



BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2018									
	Opening balance as previously stated 30.6.2017	Prior period error	Restated opening balance 30.6.2017	Additions	Grp 12 Transfer	Fair value adjustment	Transfers	Restoration of Assets	Disposals	Closing Balance 30.6.2018
LAND	239 675 837		239 675 837	-					(18 750)	239 657 087
BUILDINGS	270 293 169		270 293 169	5 345 534,21					(8 250)	275 630 453
INFRASTRUCTURE	2 477 658 759		2 477 658 759	185 133 623,75	7 209 814				(31 792)	2 669 970 405
HERITAGE ASSETS	36 631 059		36 631 059	-						36 631 059
OTHER ASSETS	107 938 194		107 938 194	10 543 149,83				(20 309 314)	(938 837)	97 233 192
INTANGIBLE ASSETS	7 056 610		7 056 610	-						7 056 610
INVESTMENT PROPERTY	21 018 000		21 018 000	-		767 500,00				21 785 500
Total	3 160 271 628	-	3 160 271 628	201 022 308	7 209 814	767 500	0	-20 309 314	-937 629	3 347 964 396



BREEDE VALLEY MUNICIPALITY
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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2019									
	Opening balance as previously stated 30-06-2018	Prior period error	Restated opening balance 30-06-2018	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30-06-2019	Carrying Value 30-06-2019
LAND	-	-	-	-	-	-	-	-	-	233 614 537
BUILDINGS	177 667 601	-	177 667 601	5 993 553	-	(3 353 375)	-	-	180 287 779	124 003 626
INFRASTRUCTURE	1 033 647 289	-	1 033 647 289	68 173 788	-	(1 204 037)	-	-	1 100 617 020	1 768 268 223
HERITAGE ASSETS	-	-	-	-	-	-	-	-	-	36 631 059
OTHER ASSETS	42 844 612	-	42 844 612	13 399 353	70 345	(2 672 440)	-	-	53 641 871	76 014 180
INTANGIBLE ASSETS	2 401 641	-	2 401 641	294 057	-	(4 090)	-	-	2 691 608	4 432 412
INVESTMENT PROPERTY	-	-	-	-	-	-	-	-	-	43 750 400
Total	1 256 561 143	-	1 256 561 143	87 850 731	70 345	-7 233 943	0	-	1 337 248 278	2 286 714 436



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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2018										Carrying Value 30.6.2018
	Opening balance as previously stated 30.6.2017	Prior period error	Restated opening balance 30.6.2017	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30.6.2018		
LAND	-	-	-	-	-	-	-	-	-	-	239 657 007
BUILDINGS	172 345 136	-	172 345 136	5 330 601	-	(8 136)	-	-	177 667 601	-	97 962 952
INFRASTRUCTURE	967 125 986	-	967 125 986	66 553 095	-	(31 792)	-	-	1 033 647 289	-	1 636 323 116
HERITAGE ASSETS	-	-	-	-	-	-	-	-	-	-	36 631 059
OTHER ASSETS	49 073 743	-	49 073 743	12 726 588	-	(831 514)	(18 124 205)	-	42 844 612	-	54 388 580
INTANGIBLE ASSETS	1 962 529	-	1 962 529	439 112	-	-	-	-	2 401 641	-	4 654 969
INVESTMENT PROPERTY	-	-	-	-	-	-	-	-	-	-	21 785 500
Total	1 190 507 394	0	1 190 507 394	85 049 396	0	-871 445	-18 124 208	0	1 256 561 143	0	2 091 403 163



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

APPENDIX C : STATISTICAL INFORMATION

		2019	2018	2017	2016
(1)	General Statistics				
(a)	Population.				
(b)	Valuation				
	(i) Taxable				
	Land	6 902 659 400	6 015 586 900	6 494 921 900	968 968 000
	Improvements	17 502 936 000	18 038 844 300	17 348 304 300	15 547 314 000
	(ii) Non Taxable				
	Land				
	Improvements				
	(iii) Date of Last General Valuation	2016/07/01	2016/07/01	2016/07/01	2012/07/01
(c)	Number of properties				
	Residential	21 065	20 932	20 713	19 621
	Commercial	1 065	1 038	1 125	1 047
	Welfare Institutions	244	238	4 579	4 483
	Agri/Farms	1 863	1 883	1 903	2 209
	Industrial	235	236		
	Public Serv. Infrastructure	336	335		
	National Monuments	28	27		
	Municipal Properties	3 890	3 979		
	State	106	104		
(d)	Assesment Rate: Cent in the Rand	0.8278+ 1.6556	0.7809 + 1.5618	0.7360 + 1.4720	0.8520 + 1.7040
(e)	Number of Employees				
	Employed (inclusive councillors)	940	934	879	902
	Vacancies (Funded vacancies)	182	149	178	144
(2)	Electrical Statistics				
(a)	Number of users	± 28 000	27 653	27 653	20 830
(b)	Units bought	kWh 302 916 313,19	300 068 505,13	317 011 404	321 148 641
(c)	Units sold	kWh 281 171 281,50	280 162 315,00	297 326 394	302 649 685
(d)	Units lost in distribution	kWh 21 745 031,69	19 906 190,13	19 685 011	18 498 956
(e)	Percentage of units lost in distribution	7,18%	6,63%	6,2096%	5,7602%
(f)	Cost per unit bought	R 1,172764	1,077257	1,119742	1,024017
(g)	Loss in distribution	R 25 501 799	21 444 083	22 042 128	18 943 248
(h)	Cost per unit sold	R 1,263463	1,153799	1,193876	1,086608
(i)	Income per unit sold	R 1,384090	1,302097	1,316579	1,208169
(3)	Water Statistics				
(a)	Number of users	± 28 000	27 864	28 273	27 864
(b)	Units supplied	KI 13 317 770,00	12 569 124,00	12 993 400	13 633 813
(c)	Units sold	KI 11 135 455,00	10 802 841,00	10 705 472	11 439 824
(d)	Units lost in distribution	KI 2 182 315,00	1 766 283,00	2 287 928	2 193 989
(e)	Percentage of units lost in distribution	16,3865%	14,0526%	17,6084%	16,0923%
(f)	Cost per unit supplied	R 4,781119	4,573842	5,674011	5,608079
(g)	Loss in distribution	R 10 433 907	8 078 699	12 981 730	12 304 064
(h)	Cost per unit sold	R 5,718117	5,321673	6,886637	6,683625
(i)	Income per unit sold	R 6,305673	5,250956	6,484819	6,814768
(4)	Sundry Statistics				
(a)	Area in km ²	3 833	3 833	3 833	3 833
(b)	Previous election				
	Number of registered voters	70 002	70 002	70 002	70 002
	% poll				
(c)	Building survey:				
	(i) Building plans				
	Number passed	496	568	562	674
	Value passed (R '000)	360 039 000	442 154 000	R 424,564,000	475 154 000
	(ii) Inspections performed	± 2 500	3 500	3 468	2 188
(d)	Housing				
	(i) Number of dwelling units	± 2 688	2 688	2 682	2 696
	(ii) Number of people acc	± 13 440	12 096	102	111
	(iii) Number of people on waiting list	± 26 116	25 659	26 000	25 000
(e)	Fire service stations	3	2	2	2



BREDE VALLEY MUNICIPALITY																				
Annual Financial Statements for the year ended 30 June 2019																				
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																				
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2018	Quarterly Receipts				Quarterly Expenditures				Balance 30 June 2019	Grants and subsidies delayed/ withheld				Reason for non-compliance				
			Sept 18	Dec 18	March 19	June 19	Sept 18	Dec 18	March 19	June 19		Sept 18	Dec 18	March 19	June 19		Reason for non-compliance			
Equitable Share	National	-	45 407 000	36 326 000	27 244 000	27 244 000	27 244 200	27 244 300	27 244 500	27 244 000	-	-	-	-	-	-	-	Not applicable	Yes	None
Financial Management grant	National	-	1 550 000	-	-	-	50 000	576 299	233 834	687 867	-	-	-	-	-	-	-	Not applicable	Yes	None
EPWP: National	National	-	768 000	1 379 000	819 000	919 000	1 371 278	1 299 484	201 383	193 865	-	-	-	-	-	-	-	Not applicable	Yes	None
Mun. Infrast. Grant (MIG)	National	-	12 500 000	-	6 500 000	14 610 000	4 140 079	9 150 471	9 067 928	10 126 664	1 321 539	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
Energy Efficient LED	National	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None
Integrated National Electrification Grant	National	-	-	2 500 000	2 500 000	-	5 000 000	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None
Public Libraries- Operational	Provincial	-	3 005 067	3 005 667	3 005 666	2 073 575	2 215 549	2 149 044	2 149 044	2 576 832	-	-	-	-	-	-	-	Not applicable	Yes	None
Public Libraries- Capital	Provincial	4 115 001	500 000	-	-	500 000	-	1 335 779	1 335 779	2 719 222	-	-	-	-	-	-	-	Not applicable	Yes	None
National Roads Agency	Provincial	-	-	-	150 000	-	150 000	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None
CDW Grant Support 0809	Provincial	-	-	-	-	7 578	14 374	(21 952)	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None
FMSG: Revenue Enhancement	Provincial	-	-	1 000 000	-	-	1 000 000	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
FMSG: Man Capacity grant	Provincial	240 000	-	-	360 000	-	360 000	-	-	240 000	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
FMSG: Implemen. of mSCOA	Provincial	-	-	280 000	-	-	280 000	-	-	180 675	-	-	-	-	-	-	-	Not applicable	Yes	None
FMSG: Internal Audit - OPE	Provincial	44 154	-	-	-	-	-	-	-	44 154	-	-	-	-	-	-	-	Not applicable	Yes	None
FMSG: Internal Audit - CAP	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None
Municipal Service Delivery and Capacity Builders	Provincial	-	-	-	750 000	-	750 000	-	-	750 000	-	-	-	-	-	-	-	Not applicable	Yes	None
RSEP Projects- Operational	Provincial	425 000	-	-	(414 000)	-	96 000	-	-	96 000	(85 000)	-	-	-	-	-	-	Not applicable	Yes	Project not completed
RSEP Projects Capital	Provincial	1 593 418	-	2 200 000	1 000 000	414 000	3 387 268	737 925	5 000	3 387 268	1 067 225	-	-	-	-	-	-	Not applicable	Yes	Project not completed
LG Graduate Internship Grant	Provincial	26 800	-	-	72 000	-	63 667	50 000	(64 867)	63 667	-	-	-	-	-	-	-	Not applicable	Yes	None
Thusong Centre	Provincial	-	-	100 000	-	-	3 800	83 260	4 097	8 843	-	-	-	-	-	-	-	Not applicable	Yes	None
Zwelethamba 242 erven	Provincial	767 968	-	-	-	-	767 968	-	-	767 968	-	-	-	-	-	-	-	Not applicable	Yes	Project not completed
De Doorns 1480 PLS	Provincial	259 510	-	-	-	-	259 510	-	-	259 510	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
De Doorns 1480 PLS (Capital)	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
Avisan park 438 Houses	Provincial	2 036 797	-	-	-	-	2 036 797	-	-	2 036 797	-	-	-	-	-	-	-	Not applicable	Yes	Project ongoing
De Nova Town Development	Provincial	367 175	-	-	-	-	367 175	-	-	367 175	-	-	-	-	-	-	-	Not applicable	Yes	None
SunnySide Orchard De doorns	Provincial	-	612 285	427 183	1 019 857	860 949	1 019 857	178 520	-	1 019 857	-	-	-	-	-	-	-	Not applicable	Yes	None

BREEDER VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

APPENDIX D: GRANTS AND SUBSIDIES RECEIVED

NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2018	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2019	Grants and subsidies delayed/ withheld			Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest	Reason for non compliance	
			Sept 18	Dec 18	March 19	June 19	Sept 18	Dec 18	March 19	June 19		Sept 18	Dec 18	March 19				June 19
Sunnyside Orchard capital	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	
Avian Park 205 Houses	Provincial	-	-	-	2 550 000	-	-	-	2 550 000	-	-	-	-	-	-	-	None	
Titlitz Deeds	Provincial	3 500 000	-	1 334 000	448 000	-	-	1 098 193	314 272	-	-	-	-	-	-	-	Project ongoing	
PAWC Fire equipment	Provincial	1 500 000	-	-	-	-	-	-	1 486 519	-	-	-	-	-	-	-	Project ongoing	
Housing : transhex operating Housing: Transhex Housing: Transhex	Provincial Provincial Provincial	27 483 296	-	70 869 357	25 916 482	-	-	76 312 389	22 884 603	-	-	-	-	-	-	-	Project ongoing	
EPWP cleaning personal	Cape Winelands district	-	-	-	500 000	-	-	-	500 000	-	-	-	-	-	-	-	None	
56 Houses for staff (SARWU)	Housing grant	44 824	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Project ongoing	
1800 Zwellathemba Housing Project	Housing grant	1 448 005	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Project ongoing	
350 Houses Avian Park	Housing grant	(422 643)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Project ongoing	
339 Houses	Housing grant	24 484	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Project ongoing	
708 Avianpark	Provincial	468 878	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Project ongoing	
331 People Housing Proj. Zwellathemba	Provincial	2 524 407	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Project ongoing	
LOWSETA	Other	95 828	-	433 123	205 434	-	-	-	734 385	-	-	-	-	-	-	-	None	
LOWSETA - Learner ship	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	
Work for Water Projects	Other	504 780	754 082	-	25 000	-	-	329 056	228 059	-	-	-	-	-	-	-	None	
Provincial contribution	Other	-	-	-	31 000	-	-	-	31 000	-	-	-	-	-	-	-	None	
Donated Assets: Vehicles	Private Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	
		47 049 661	64 342 952	47 681 933	115 145 176	45 577 773	40 898 604	58 325 793	83 177 771	20 793 462								
SUMMARY		Balance 01/07/2018	Sept 18	Dec 18	March 19	June 19	Sept 18	Dec 18	March 19	June 19	Balance 30/06/2019							
		47 049 661	272 757 833	272 757 833	299 014 032	299 014 032	20 793 462	20 793 462	20 793 462	20 793 462								
Register summary	Unutilised Balance - 01/07/2018	47 049 661	176 140 985	96 585 889	31 000	(43 623)	(133 232 543)	(165 737 869)	(507 643)	21 301 107								
		47 049 662	272 757 833	272 757 833	299 014 031	299 014 031	20 793 462	20 793 462	20 793 462	20 793 462								

Appendix E A2

WC025 Breede Valley - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19										2017/18
	1	2	3	4	5	6	7	8	9	10	14
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Adjustment Budget 26 February 2019	Approved Virements (Virement Policy 2018/2019)	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	Revised Audited Outcome
Revenue - Standard											
<i>Governance and administration</i>	202 677	(8 553)	194 123	-	194 123	203 000		8 877	104,6%	100,2%	186 089
Executive and council	139	1 010	1 149	-	1 149	1 044		(105)	90,9%	752,2%	1 270
Finance and administration	202 538	(9 607)	192 930	-	192 930	201 912		8 981	104,7%	99,7%	184 645
Internal audit	-	44	44	-	44	44		-	100,0%	#DIV/0!	174
<i>Community and public safety</i>	63 268	1 473	64 742	-	64 742	60 545		(4 196)	93,5%	95,7%	48 047
Community and social services	11 157	4 115	15 272	-	15 272	15 025		(247)	98,4%	134,7%	10 709
Sport and recreation	11 250	-	11 250	-	11 250	3 461		(7 789)	30,8%	30,8%	3 696
Public safety	1 501	1 620	3 121	-	3 121	1 533		(1 588)	49,1%	102,1%	1 280
Housing	39 360	(4 262)	35 098	-	35 098	40 526		5 428	115,5%	103,0%	32 362
Health	-	-	-	-	-	-		-	-	-	-
<i>Economic and environmental services</i>	111 898	44 635	156 533	-	156 533	79 782		(76 752)	51,0%	71,3%	154 657
Planning and development	4 832	1 498	6 331	-	6 331	5 464		(867)	86,3%	113,1%	8 990
Road transport	104 804	43 137	147 941	-	147 941	73 103		(74 838)	49,4%	69,8%	142 942
Environmental protection	2 262	-	2 262	-	2 262	1 215		(1 047)	53,7%	53,7%	2 725
<i>Trading services</i>	757 376	4 662	762 038	-	762 038	762 204		166	100,0%	100,6%	670 521
Energy sources	421 140	2 678	423 818	-	423 818	403 660		(20 168)	95,2%	95,8%	365 297
Water management	137 501	(371)	137 130	-	137 130	135 542		(1 588)	98,9%	98,6%	117 794
Waste water management	145 059	1 223	146 282	-	146 282	162 297		16 015	110,9%	111,9%	135 671
Waste management	53 676	1 133	54 809	-	54 809	60 716		5 907	110,8%	113,1%	51 759
<i>Other</i>	-	-	-	-	-	-		-	-	-	-
Total Revenue - Standard	1 135 219	42 217	1 177 436	-	1 177 436	1 105 531		(71 906)	93,9%	97,4%	1 059 314
Expenditure - Standard											
<i>Governance and administration</i>	218 261	(14 679)	203 582	(2 204)	201 378	192 127		(9 251)	95,4%	88,0%	180 012
Executive and council	37 560	(528)	37 032	62	37 094	37 040		(54)	99,9%	98,6%	35 702
Finance and administration	176 910	(13 420)	163 490	(2 426)	161 064	151 939		(9 125)	94,3%	85,9%	141 632
Internal audit	3 791	(731)	3 060	160	3 220	3 148		(72)	97,8%	83,0%	2 677
<i>Community and public safety</i>	124 900	(16 336)	108 563	4 979	113 542	105 704		(7 838)	93,1%	84,6%	105 173
Community and social services	22 882	(706)	22 177	257	22 434	22 041		(392)	98,3%	96,3%	20 256
Sport and recreation	32 697	(6 543)	26 153	1 679	27 833	27 592		(241)	99,1%	84,4%	26 074
Public safety	31 252	(3 536)	27 716	1 642	29 367	29 344		(24)	99,9%	93,9%	29 671
Housing	37 958	(5 551)	32 407	1 400	33 807	26 638		(7 170)	78,8%	70,2%	29 075
Health	101	-	101	-	101	89		(12)	88,4%	88,4%	97
<i>Economic and environmental services</i>	138 814	28 156	166 970	1 017	167 987	124 293		(43 695)	74,0%	89,5%	173 769
Planning and development	15 669	(1 016)	14 653	1 014	15 667	15 442		(225)	98,6%	98,6%	14 353
Road transport	120 379	28 895	149 274	2	149 276	107 195		(42 081)	71,8%	89,0%	156 366
Environmental protection	2 766	3 043	5 809	2	5 811	1 666		(1 386)	54,4%	59,9%	3 080
<i>Trading services</i>	528 463	510	528 973	(4 861)	524 112	523 107		(1 005)	99,8%	99,0%	494 094
Energy sources	360 738	(5 367)	355 381	(4 774)	350 607	350 328		(279)	99,9%	97,1%	325 777
Water management	59 828	4 226	64 054	(10)	64 044	64 010		(34)	99,9%	107,0%	57 694
Waste water management	61 180	3 148	64 328	680	65 008	64 772		(236)	99,6%	105,9%	61 247
Waste management	46 716	(1 506)	45 209	(757)	44 452	43 996		(457)	99,0%	94,2%	49 376
<i>Other</i>	910	(30)	880	655	1 535	1 497		(38)	97,5%	164,4%	1 005
Total Expenditure - Standard	1 011 346	(2 379)	1 008 968	(414)	1 008 554	946 727		(61 827)	93,9%	93,6%	954 082
Surplus/(Deficit) for the year	123 872	44 597	168 468	414	168 882	158 804		(10 076)	94,0%	128,2%	105 231



**Appendix F A3
WC025 Breede Valley - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2018/19							2017/18			
	Original Budget	Budget Adjustments (i.l.o. MFMA s28)	Adjustment Budget 26 February 2019	Approved Virements Policy 2018/2019	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	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	14
Revenue by Vote											
Vote 1 - Council General	139	(65)	74	-	74	448		374	603,1%	322,9%	3 290
Vote 2 - Municipal Manager	3 200	4 115	7 315	-	7 315	4 770		(2 545)	65,2%	149,1%	8 608
Vote 3 - Strategic Support Services	3 134	(1 464)	1 670	-	1 670	2 508		838	150,2%	80,0%	477
Vote 4 - Financial Services	195 679	(10 049)	185 630	0	185 630	193 965		8 335	104,5%	99,1%	179 070
Vote 5 - Community Services	148 562	44 517	193 080	-	193 080	108 794		(84 285)	56,3%	73,2%	169 578
Vote 6 - Technical Services	784 506	5 162	789 668	(0)	789 668	795 046		5 378	100,7%	101,3%	698 291
Example 7 - Vote7											
Example 8 - Vote8											
Example 9 - Vote9											
Example 10 - Vote10											
Example 11 - Vote11											
Example 12 - Vote12											
Example 13 - Vote13											
Example 14 - Vote14											
Example 15 - Vote15											
Total Revenue by Vote	1 135 219	42 217	1 177 436	-	1 177 436	1 105 531		(71 906)	93,9%	97,4%	1 059 314
Expenditure by Vote to be appropriated											
Vote 1 - Council General	34 745	(1 553)	33 192	560	33 752	33 471		(282)	99,2%	96,3%	32 119
Vote 2 - Municipal Manager	9 826	(77)	9 748	68	9 816	9 807		(10)	99,9%	99,8%	8 799
Vote 3 - Strategic Support Services	56 734	2 682	59 416	(294)	59 122	56 938		(2 183)	96,3%	100,4%	51 388
Vote 4 - Financial Services	82 573	(8 534)	74 039	(3 621)	70 417	59 175		(11 242)	84,0%	71,7%	61 792
Vote 5 - Community Services	198 798	14 604	213 402	3 250	216 652	168 618		(48 034)	77,8%	84,8%	216 078
Vote 6 - Technical Services	628 672	(9 500)	619 171	(376)	618 795	618 718		(77)	100,0%	98,4%	583 906
Example 7 - Vote7											
Example 8 - Vote8											
Example 9 - Vote9											
Example 10 - Vote10											
Example 11 - Vote11											
Example 12 - Vote12											
Example 13 - Vote13											
Example 14 - Vote14											
Example 15 - Vote15											
Total Expenditure by Vote	1 011 348	(2 379)	1 008 968	(414)	1 008 554	946 727	-	(61 827)	93,9%	93,6%	954 082
Surplus/(Deficit) for the year	123 872	44 597	168 468	414	168 882	158 804		(10 076)	94,0%	128,2%	105 231

Appendix GA 4

WC025 Breede Valley - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19										2017/18
	Original Budget	Budget Adjustments (i.l.o. MFMA s28)	Adjustment Budget 26 February 2019	Approved Virements Policy 2018/2019	Final Adjustments Budget	Actual Outcome	Unauthorised expenditure	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	9	10	14
Revenue By Source											
Property rates	144 759	(10 666)	134 074	-	134 074	135 728		1 654	101,2%	93,8%	125 006
Property rates - penalties & collection charges	994	(894)	-	-	-	1 744		1 744	#DIV/0!	175,5%	1 470
Service charges - electricity revenue	395 845	2 634	398 479	-	398 479	389 166		(9 313)	97,7%	98,3%	351 233
Service charges - water revenue	77 097	(8 914)	68 183	-	68 183	70 217		2 034	103,0%	91,1%	56 725
Service charges - sanitation revenue	67 984	1 223	69 207	-	69 207	67 133		(2 074)	97,0%	98,7%	65 381
Service charges - refuse revenue	37 962	1 133	39 095	-	39 095	38 310		(784)	96,0%	100,9%	34 887
Service charges - other	-	-	-	-	-	-		-	-	-	-
Rental of facilities and equipment	8 842	(0)	8 842	0	8 842	25 194		16 353	285,0%	285,0%	9 052
Interest earned - external investments	13 074	(1 849)	11 225	-	11 225	11 233		7	100,1%	85,9%	16 556
Interest earned - outstanding debtors	3 181	2 740	5 921	-	5 921	6 356		434	107,3%	199,8%	6 278
Dividends received	-	-	-	-	-	-		-	-	-	-
Fines	75 258	43 137	118 395	-	118 395	37 240		(81 155)	31,5%	49,5%	111 978
Licences and permits	3 424	-	3 424	-	3 424	2 952		(472)	86,2%	86,2%	3 108
Agency services	7 793	-	7 793	-	7 793	8 507		714	109,2%	109,2%	7 630
Transfers recognised - operational	146 455	(1 822)	144 634	(0)	144 634	133 233		(11 401)	92,1%	91,0%	130 203
Other revenue	10 271	207	10 478	-	10 478	9 707		(771)	92,6%	94,5%	8 246
Gains on disposal of PPE	1 190	-	1 190	-	1 190	3 073		1 883	258,2%	258,2%	(95)
Total Revenue (excluding capital transfers and contributions)	994 129	26 811	1 020 940	-	1 020 940	939 793		(81 147)	92,1%	94,5%	927 659
Expenditure By Type											
Employee related costs	310 637	(28 617)	282 019	(2 900)	279 119	278 623		(496)	99,8%	89,7%	252 675
Remuneration of councillors	18 129	-	18 129	-	18 129	17 675		(454)	97,5%	97,5%	16 891
Debt impairment	59 662	41 578	101 240	-	101 240	62 896		(38 344)	62,1%	105,4%	112 245
Depreciation & asset impairment	86 305	-	86 305	-	86 305	87 921		1 616	101,9%	101,9%	85 049
Finance charges	24 505	-	24 505	-	24 505	24 662		177	100,7%	100,7%	26 039
Bulk purchases	281 892	-	281 892	5 470	287 362	287 305		(57)	100,0%	101,9%	264 821
Other materials	11 612	14 746	26 359	4 841	31 200	27 296		(3 903)	87,5%	235,1%	13 348
Contracted services	117 526	(28 744)	88 781	(1 546)	87 235	72 243		(14 992)	82,8%	61,5%	97 988
Transfers and grants	21 598	(1 940)	19 658	(1 483)	18 176	16 317		(1 859)	89,8%	75,5%	12 807
Other expenditure	76 178	598	76 777	(4 796)	71 981	71 659		(321)	99,6%	94,1%	72 219
Loss on disposal of PPE	3 304	-	3 304	-	3 304	109		(3 194)	3,3%	3,3%	-
Total Expenditure	1 014 348	(2 379)	1 008 968	(414)	1 008 554	946 727		(61 827)	93,9%	93,6%	954 082
Surplus/(Deficit)	(17 218)	29 190	11 972	414	12 386	(6 934)		(19 319)	-56,0%	40,3%	(26 423)
Transfers recognised - capital	141 090	14 907	155 997	-	155 997	165 738		9 741	106,2%	117,5%	131 654
Contributions recognised - capital	-	-	-	-	-	-		-	-	-	-
Contributed assets	-	500	500	-	500	-		(500)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	123 872	44 697	168 468	414	168 882	158 804		(10 078)	94,0%	128,2%	105 231
Taxation	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) after taxation	123 872	44 697	168 468	414	168 882	158 804		(10 078)	94,0%	128,2%	105 231
Attributable to minorities	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) attributable to municipality	123 872	44 697	168 468	414	168 882	158 804		(10 078)	94,0%	128,2%	105 231
Share of surplus/(deficit) of associate	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) for the year	123 872	44 697	168 468	414	168 882	158 804		(10 078)	94,0%	128,2%	105 231



Appendix H A4
WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19							2017/18				
	Original Budget	Total Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Example 1 - Vote1												
Example 2 - Vote2												
Example 3 - Vote3												
Example 4 - Vote4												
Example 5 - Vote5												
Example 6 - Vote6												
Example 7 - Vote7												
Example 8 - Vote8												
Example 9 - Vote9												
Example 10 - Vote10												
Example 11 - Vote11												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
Capital multi-year expenditure												
Single-year expenditure												
Vote 1 - Council General	5	2	7	-	-	(7)	-	-	-	-	-	-
Vote 2 - Municipal Manager	3 205	1 912	5 117	4 143	-	(974)	81%	129%	-	-	-	1 702
Vote 3 - Strategic Support Services	14 575	11 677	26 252	25 349	-	(903)	97%	174%	-	-	-	8 181
Vote 4 - Financial Services	1 775	211	1 986	1 426	-	(560)	72%	80%	-	-	-	5 352
Vote 5 - Community Services	16 054	(6 397)	9 658	10 232	-	575	106%	64%	-	-	-	795
Vote 6 - Technical Services	191 053	38 795	229 848	224 853	-	(4 995)	98%	118%	-	-	-	3 770
Example 7 - Vote7												
Example 8 - Vote8												
Example 9 - Vote9												
Example 10 - Vote10												
Example 11 - Vote11												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
Capital single-year expenditure	226 667	46 200	272 868	266 003	-	(6 865)	97%	117%	-	-	-	201 022
Total Capital Expenditure - Vote	226 667	46 200	272 868	266 003	-	(6 865)	97%	117%	-	-	-	201 022

Appendix H A4
WC025 Breede Valley - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19							2017/18				
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	18 528	15 674	34 202	30 488	-	(3 713)	89%	165%	-	-	-	21 772
Executive and council	15	2	17	15	-	(2)	88%	100%	-	-	-	356
Budget and treasury office	1 775	211	1 986	1 426	-	(560)	72%	80%	-	-	-	790
Corporate services	16 738	15 461	32 199	29 047	-	(3 151)	90%	174%	-	-	-	20 626
Community and public safety	21 704	(7 445)	14 259	13 958	-	(301)	98%	64%	-	-	-	5 171
Community and social services	4 700	3 656	8 356	8 059	-	(298)	96%	171%	-	-	-	1 006
Sport and recreation	12 501	(10 311)	2 190	2 190	-	(0)	100%	18%	-	-	-	1 011
Public safety	4 503	(791)	3 712	3 709	-	(3)	100%	82%	-	-	-	3 153
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	27 102	10 316	37 418	40 510	-	3 092	108%	149%	-	-	-	41 317
Planning and development	432	(432)	-	-	-	-	-	-	-	-	-	-
Road transport	26 670	10 748	37 418	40 510	-	3 092	108%	152%	-	-	-	41 317
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	159 333	27 656	186 989	181 047	-	(5 942)	97%	114%	-	-	-	132 762
Electricity	38 281	7 973	46 254	27 408	-	(18 846)	59%	72%	-	-	-	12 418
Water	55 171	(2 644)	52 527	55 824	-	3 297	106%	101%	-	-	-	52 928
Waste water management	59 932	13 461	73 393	83 000	-	9 607	113%	138%	-	-	-	59 378
Waste management	5 950	8 866	14 816	14 816	-	0	100%	249%	-	-	-	8 039
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	226 667	46 200	272 868	266 003	-	(6 865)	97%	117%	-	-	-	201 022
Funded by:												
National Government	38 810	-	38 810	37 488	-	(1 322)	97%	97%	-	-	-	41 783
Provincial Government	102 430	15 171	117 601	128 219	-	10 618	109%	125%	-	-	-	88 028
District Municipality	-	500	500	31	-	(469)	6%	#DIV/0!	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	(0)
Transfers recognised - capital	141 240	15 671	156 911	165 738	-	8 827	106%	117%	-	-	-	129 812
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	1 667
Borrowing	-	6 443	6 443	6 281	-	(162)	97%	#DIV/0!	-	-	-	21 325
Internally generated funds	85 427	24 087	109 514	93 984	-	(15 530)	86%	110%	-	-	-	48 219
Total Capital Funding	226 667	46 200	272 868	266 003	-	(6 865)	97%	117%	-	-	-	201 022

Appendix I Budget Cash Flow

WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	764 950	(13 612)	751 338	731 517	(19 822)	97,4%	95,6%	627 314
Government - operating	146 455	(2 643)	143 813	133 258	(10 554)	92,7%	91,0%	120 238
Government - capital	141 090	8 293	149 383	139 510	(9 873)	93,4%	98,9%	158 728
Interest	15 951	1 196	17 147	14 983	(2 163)	87,4%	93,9%	20 825
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(819 090)	41 830	(777 260)	(752 306)	24 954	96,8%	91,8%	(713 592)
Finance charges	(25 050)	545	(24 505)	(24 682)	(177)	100,7%	98,5%	(26 039)
Transfers and Grants	(21 598)	1 940	(19 658)	(16 317)	3 341	83,0%	75,5%	(12 807)
NET CASH FROM/(USED) OPERATING ACTIVITIES	202 709	37 549	240 258	225 963	(14 294)	94,1%	111,5%	174 668
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	3 734	3 734	#DIV/0!	#DIV/0!	31
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	50	-	50	4 816	4 766	9632,0%	9632,0%	3 736
Decrease (increase) in non-current investments	-	-	-	30 704	30 704	#DIV/0!	#DIV/0!	44 075
Payments								
Capital assets	(226 667)	(45 786)	(272 454)	(266 277)	6 177	97,7%	117,5%	(199 022)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(226 617)	(45 786)	(272 404)	(227 023)	45 381	83,3%	100,2%	(151 181)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	50	-	50	171	121	342,4%	342,4%	232
Payments								
Repayment of borrowing	(7 835)	-	(7 835)	(9 696)	(1 861)	123,8%	123,8%	(10 846)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 785)	-	(7 785)	(9 525)	(1 740)	122,3%	122,3%	(10 615)
NET INCREASE/ (DECREASE) IN CASH HELD	(31 694)	(8 237)	(39 931)	(10 584)				12 873
Cash/cash equivalents at the year begin:	160 031	(9 580)	150 451	105 451				92 578
Cash/cash equivalents at the year end:	128 337	(17 817)	110 520	94 867	(15 653)	85,8%	73,9%	105 451



BREED VALLEY MUNICIPALITY			
Annual Financial Statements for the year ended 30 June 2019			
APPENDIX J: DEVIATIONS FOR THE 2018 2019 FINANCIAL YEAR			
DEVIATIONS FOR THE MONTH: JULY 2018			
Deviation Reference	Amount	Service Provider	Deviation category
BVD 217/ 2018	27 307,90	Saayman Springworks cc	Exceptional case whereby it is impractical to follow a normal procurement process
BVD 220/ 2018	134 471,23	First Technology Group	Exceptional case whereby it is impractical to follow a normal procurement process
Total	161 779,13		
[2]			
DEVIATIONS FOR THE MONTH: AUGUST 2018			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 208/ 2018	R 5 865,00	Hyder Doors	Emergency
BVD 223/2018	R 14 323,76	Truvelo Africa Electronics	Sole provider
BVD 219/2018	R 3 300,50	Worcester Kommunikasie	Exceptional case whereby it is impractical or impossible to follow a normal procurement process
BVD 211/2018	R 832 943,35	Fidelity Security Services	Exceptional case whereby it is impractical or impossible to follow a normal procurement process
BVD 209/2018	R 603 520,00	Fidelity Security Services	Exceptional case whereby it is impractical or impossible to follow a normal procurement process
BVD 210/2018	R 54 125,64	Mafoko Security Patrols	Exceptional case whereby it is impractical or impossible to follow a normal procurement process
BVD 212/2018	R 194 225,87	G4S Secure Solutions	Exceptional case whereby it is impractical or impossible to follow a normal procurement process
BVD 213/2018	R 194 225,87	G4S Secure Solutions	Exceptional case whereby it is impractical or impossible to follow a normal procurement process
Total	1 902 529,99		
[8]			
DEVIATIONS FOR THE MONTH: SEPTEMBER 2018			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 218/2018	R822 980,90	Traffic Management Technology	Exceptional case where it is impractical or impossible to follow the official procurement process
BVD 229/ 2018	R175 398,87	Webber Wentzel	Exceptional case where it is impractical or impossible to follow the official procurement process
BVD 228/2018	R15 645,75	Fulcrum Technologies	Exceptional case where it is impractical or impossible to follow the official procurement process
Total	R 1 014 025,52		
[3]			
DEVIATIONS FOR THE MONTH: OCTOBER 2018			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 221/2018	R 5 168 068,75	Ontec Systems	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 226/2018	R 36 271,00	De Kock and Cronje	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 227/2018	R 4 797,59	Drager South Africa	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 225/2018	R 20 757,50	Meycom	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 230/2018	R 13 117,53	Fairbridges Wertheim Becker	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 222/2018	R 163 337,21	Bytes Systems	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 232/ 2018	R 27 830,41	Fairbridges Wertheim Becker	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 237/ 2018	R 33 530,00	Leaders Meubelders	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 236/2018	R 194 225,87	G4S Secure Solutions	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 234/2018	R 194 225,87	G4S Secure Solutions	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 238/2018	R 109 710,00	First Technology	Exceptional case where it is impractical or impossible to follow the official procurement processes
Total	5 965 871,73		
[11]			



BREED VALLEY MUNICIPALITY			
Annual Financial Statements for the year ended 30 June 2019			
APPENDIX J: DEVIATIONS FOR THE 2018 2019 FINANCIAL YEAR			
DEVIATIONS FOR THE MONTH: NOVEMBER 2018			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 231/ 2018	R 46 320,79	Linux Based Systems Design	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 233/2018	R 323 658,35	Bytes System Integration	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 241/2018	R 4 500,00	One Way Towing	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 242/2018	R 414 517,26	Fidelity Security	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 244/ 2018	R 3 700,00	TCS Catering	Exceptional case where it is impractical or impossible to follow the official procurement processes
Total	792 696,40		
[5]			
DEVIATIONS FOR THE MONTH: DECEMBER 2018			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 246/ 2018	R 61 122,50	Webber Wentzel Attorneys	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 247/ 2018	R 26 835,25	Strydom Armature Winders	Emergency
BVD 248/ 2018	R 12 790,30	Fairbridges Wertheim Becker	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 249/ 2018	R 75 971,88	Juno Corp (Pty) Ltd	Emergency
BVD 250/ 2018	R 53 294,23	Specialised Municipal Equipment	Emergency
BVD 251/ 2018	R 3 621 687,65	Ontec Systems (Pty) Ltd	Exceptional case where it is impractical or impossible to follow the official procurement processes
BVD 252/2018	R 488 034,84	Securitem (Pty) Ltd	Exceptional case where it is impractical or impossible to follow the official procurement processes
Total	4 339 736,65		
[7]			
DEVIATIONS FOR THE MONTH: JANUARY 2019			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 253/2019	2 622,00	CSX Customers Services	Sole Supplier
BVD 256/ 2019	3 662,75	Muller Terblanche and Beyers	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
Total	6 284,75		
[2]			
DEVIATIONS FOR THE MONTH: FEBRUARY 2019			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 257/2019	8 773,00	Manie's Verkoeling	Emergency
BVD 258/ 2019	3 261,42	Boland Isuzu	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 259/2019	5 992,65	HD Transmissions	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 260/ 2019	244 716,37	First Technology Western Cape (Pty) Ltd	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 261/ 2019	24 914,64	Fairbridge Wertheim Becker	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 262/ 2019	13 046,80	De Vries , De Wet & Kroukam	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 263/ 2019	774 388,93	Nashua BreedeValley	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 264/ 2019	24 150,00	Dr Roof and Painters	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 265/ 2019	52 600,00	Wilhelm Sadie	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
Total	1 151 843,81		
[9]			



BREED VALLEY MUNICIPALITY			
Annual Financial Statements for the year ended 30 June 2019			
APPENDIX J: DEVIATIONS FOR THE 2018 2019 FINANCIAL YEAR			
DEVIATIONS FOR THE MONTH: MARCH 2019			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 266/ 2019	3 633,31	Orchard Supplies	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 267/ 2019	42 257,88	GPS Sales and Training (Pty) Ltd	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 268/ 2019	156 400,00	Witels Grondverskuiwing	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 271/ 2019	10 444,91	BEKA Schreder (Pty) Ltd	Sole Provider
Total	212 736,10		
[4]			
DEVIATIONS FOR THE MONTH: APRIL 2019			
Deviation Reference	Amount	Service Provider(s)	Deviation Category
BVD 245/2019	4 835 503,57	Various petrol outlets within the municipal area	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 269/ 2019	45 393,30	Elton Shortles Attorneys	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 270/ 2019	75 657,93	Fairbridges Wertheim Becker	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 272/ 2019	2 750,00	RD West	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 273/ 2019	11 300,00	Andrews Watt & Nell	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 274/ 2019	112 033,90	Elton Shortles Attorneys	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 275/ 2019	30 561,20	AC Security	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 276/ 2019	40 400,00	X-Stream Lifesaving South Africa	Sole Provider
BVD 277/2019	13 800,00	CROUS Occupational	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
Total	5 167 399,90		
[9]			
DEVIATIONS FOR THE MONTH: MAY 2019			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 278/ 2019	74 096,34	First Technology Western Cape (Pty) Ltd	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 286/ 2019	59 073,15	Elton Shortles Attorneys Inc	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 287/ 2019	29 549,18	Fairbridges Wertheim Becker Attorneys	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 288/ 2019	40 250,00	Total Client Services	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 279/2019	31 215,99	Vision Elevators	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 281/ 2019	204 704,88	Capital Security	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 282/ 2019	785 154,26	Media 24 Publications	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 283/ 2019	318 150,64	Independent Newspapers	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 284 / 2019	181 693,90	Various Accommodation Facilities	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 285 / 2019	96 147,80	AC Security	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 289/ 2019	304 568,46	Trentyre (Pty) Ltd	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 290/ 2019	629 437,09	Supa Quick	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
BVD 291/ 2019	87 980,73	Sure Boland	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
Total	2 842 022,42		
[13]			



BREED VALLEY MUNICIPALITY			
Annual Financial Statements for the year ended 30 June 2019			
APPENDIX J: DEVIATIONS FOR THE 2018 2019 FINANCIAL YEAR			
DEVIATIONS FOR THE MONTH: JUNE 2019			
Deviation Reference	Amount	Service Provider	Deviation Category
BVD 292/2019	169 579,00	Surtech Solutions RSA (Pty) Ltd	Exceptional case whereby it is impossible or impractical to follow a normal procurement process
Total	169 579,00		
[1]			
Grand Total for the Year	23 726 505,40		
[74]			



BREDE VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

APPENDIX K: INVESTMENTS

Date Invested	Institution	ID	Account Number	Confirmation	Rate	Period	Amount	Maturity Date	Withdrawn	Date Received	Receipt Number	Expected Interest	Interest Received	Difference
												0,00		0,00
25-Apr-18	FNB	274	74760329745	YES	7,26%	90	5 000 000	24-Jul-18	5 000 000	24-Jul-18	4000394409	89 506,85	89 506,84	0,01
25-Apr-18	NEDBANK	275	03/7881531576/247	YES	7,48%	91	5 000 000	25-Jul-18	5 000 000	25-Jul-18	2000287574	93 243,84	93 243,84	0,00
26-Jan-18	NEDBANK	265	03/7881531576/244	YES	8,05%	181	5 000 000	26-Jul-18	5 000 000	26-Jul-18	5000392325	199 595,89	199 595,89	0,00
26-Jan-18	FNB	266	71745026461	YES	8,00%	181	5 000 000	26-Jul-18	5 000 000	26-Jul-18	5000392350	198 356,16	198 356,16	0,00
												0,00		0,00
													580 702,72	
												0,00		0,00
25-Apr-18	ABSA	276	2077487118	YES	7,45%	121	5 000 000	24-Aug-18	5 000 000	24-Aug-18	5000393688	123 486,30	123 486,30	0,00
25-Apr-18	STANDARD	277	288460898-031	YES	7,475%	121	5 000 000	24-Aug-18	5 000 000	24-Aug-18	5000393701	123 900,68	123 900,68	0,00
26-Jul-18	NEDBANK	280	03/7881531576/252	YES	7,35%	32	5 000 000	27-Aug-18	5 000 000	27-Aug-18	5000393743	32 219,18	32 219,18	0,00
26-Jan-18	INVESTEC	267	JB 9664918	YES	7,85%	214	5 000 000	28-Aug-18	5 000 000	28-Aug-18	5000393791	230 123,29	230 123,29	0,00
												0,00		0,00
													509 729,45	
												0,00		0,00
25-Apr-18	NEDBANK	278	03/7881531576/248	YES	7,80%	153	5 000 000	25-Sep-18	5 000 000	25-Sep-18	4000397494	163 479,45	163 479,43	0,02
25-Apr-18	STANDARD	279	288460898-032	YES	7,65%	153	5 000 000	25-Sep-18	5 000 000	25-Sep-18	3000391801	160 335,62	160 335,62	0,00
26-Jul-18	FNB	281	74774802969	YES	7,17%	61	5 000 000	25-Sep-18	5 000 000	25-Sep-18	4000397495	59 913,70	59 913,69	0,01
26-Jul-18	ABSA	282	2077662988	YES	7,28%	62	5 000 000	26-Sep-18	5 000 000	26-Sep-18	4000397591	61 830,14	61 830,14	0,00
26-Jul-18	STANDARD	283	28840898-033	YES	7,275%	62	5 000 000	26-Sep-18	5 000 000	26-Sep-18	3000391887	61 787,67	61 787,67	0,00
26-Jul-18	INVESTEC	284	JB 9816590	YES	7,25%	62	5 000 000	26-Sep-18	5 000 000	26-Sep-18	3000391872	61 575,34	61 575,34	0,00
												0,00		0,00
													568 921,89	
												0,00		0,00
19-Sep-18	ABSA	290	2077767118	YES	7,32%	30	5 000 000	19-Oct-18	5 000 000	19-Oct-18	2000292630	30 082,19	30 082,19	0,00
26-Jul-18	NEDBANK	285	03/7881531576/253	YES	7,60%	91	5 000 000	25-Oct-18	5 000 000	25-Oct-18	3000393720	94 739,73	94 739,88	-0,15
26-Jul-18	ABSA	286	2077662996	YES	7,40%	92	5 000 000	26-Oct-18	5 000 000	26-Oct-18	3000393849	93 260,27	93 260,27	0,00
26-Jul-18	STANDARD	287	288460898-034	YES	7,425%	92	5 000 000	26-Oct-18	5 000 000	26-Oct-18	3000393848	93 575,34	93 575,34	0,00
												0,00		0,00
													311 657,68	
												0,00		0,00
19-Sep-18	ABSA	291	2077767443	YES	7,44%	61	5 000 000	19-Nov-18	5 000 000	19-Nov-18	5000397160	62 169,86	62 169,86	0,00
19-Sep-18	NEDBANK	292	03/7881531576/255	YES	7,60%	61	5 000 000	19-Nov-18	5 000 000	19-Nov-18	5000397142	63 506,85	63 506,85	0,00
												0,00	0,20	-0,20
26-Jul-18	NEDBANK	288	03/7881531576/254	YES	7,75%	123	5 000 000	26-Nov-18	5 000 000	26-Nov-18	5000397256	130 582,19	130 582,19	0,00
26-Jul-18	INVESTED	289	JB 9816593	YES	7,60%	123	5 000 000	26-Nov-18	5 000 000	26-Nov-18	5000397254	128 054,79	128 054,79	0,00
												0,00		0,00
													384 313,89	
												0,00		0,00
19-Sep-18	STANDARD	293	288460898-035	YES	7,725%	121	5 000 000	18-Jan-19	5 000 000	18-Jan-19	2000297786	128 044,52	128 044,52	0,00
22-Nov-18	NEDBANK	294	03/7881531576/256	YES	7,60%	61	5 000 000	22-Jan-19	5 000 000	22-Jan-19	4000403040	63 506,85	63 506,85	0,00
												0,00		0,00
													191 551,37	
												0,00		0,00
22-Nov-18	ABSA	295	2078013302	YES	7,55%	92	5 000 000	22-Feb-19	5 000 000	22-Feb-19	5000400190	95 150,68	95 150,68	0,00
29-Jan-19	ABSA	298	2078188818	YES	7,50%	30	5 000 000	28-Feb-19	5 000 000	28-Feb-19	5000400361	30 821,92	30 821,92	0,00
												0,00		0,00
													125 972,60	
												0,00		0,00
29-Jan-19	NEDBANK	299	03/7881531576/258	YES	7,70%	34	5 000 000	04-Mar-19	5 000 000	04-Mar-19	5000400586	35 863,01	35 863,01	0,00
22-Nov-18	NEDBANK	296	03/7881531576/257	YES	8,00%	120	5 000 000	22-Mar-19	5 000 000	22-Mar-19	3000401388	131 506,85	131 506,85	0,00
22-Nov-18	STANDARD	297	288460898-036	YES	7,725%	123	5 000 000	25-Mar-19	5 000 000	25-Mar-19	2000301634	130 160,96	130 160,96	0,00
21-Feb-19	NEDBANK	303	03/7881531576/260	YES	7,75%	32	5 000 000	25-Mar-19	5 000 000	25-Mar-19	2000301635	33 972,60	33 972,60	0,00
29-Jan-19	NEDBANK	300	03/7881531576/259	YES	7,85%	59	5 000 000	29-Mar-19	5 000 000	29-Mar-19	4000406851	63 445,21	63 445,21	0,00
												0,00		0,00
													394 948,63	
												0,00		0,00
29-Jan-19	ABSA	301	2078188826	YES	7,59%	62	5 000 000	01-Apr-19	5 000 000	01-Apr-19	5000401202	64 463,01	64 463,01	0,00
21-Feb-19	ABSA	304	2078256160	YES	7,60%	62	5 000 000	24-Apr-19	5 000 000	24-Apr-19	3000403072	64 547,95	64 547,95	0,00
25-Mar-19	NEDBANK	306	03/7881531576/261	YES	7,80%	32	5 000 000	26-Apr-19	5 000 000	26-Apr-19	2000303662	34 191,78	34 191,78	0,00
29-Jan-19	STANDARD	302	288460898-037	YES	7,55%	91	5 000 000	30-Apr-19	5 000 000	30-Apr-19	3000403341	94 116,44	94 116,44	0,00
												0,00		0,00
													257 319,18	
												0,00		0,00
21-Feb-19	STANDARD	305	288460898-038	YES	7,55%	90	5 000 000	22-May-19	5 000 000	22-May-19	5000402798	93 082,19	93 082,19	0,00
25-Mar-19	STANDARD	307	288460898-039	YES	7,50%	60	5 000 000	24-May-19	5 000 000	24-May-19	3000404588	61 643,84	61 643,84	0,00
25-Mar-19	NEDBANK	308	03/7881531576/262	YES	7,90%	63	5 000 000	27-May-19	5 000 000	27-May-19	4000409523	68 178,08	68 178,08	0,00
												0,00		0,00
													222 904,11	
												0,00		0,00
25-Mar-19	FNB	309	74806244469	YES	7,52%	91	5 000 000	24-Jun-19	5 000 000	24-Jun-19	5000403910	93 742,47	93 742,46	0,01
25-Apr-19	NEDBANK	310	03/7881531576/263	YES	7,85%	61	5 000 000	25-Jun-19	5 000 000	25-Jun-19	2000306433	65 595,89	65 595,89	0,00
25-Apr-19	FNB	311	74809565573	YES	7,44%	61	5 000 000	25-Jun-19	5 000 000	25-Jun-19	4000410832	62 169,86	62 169,86	0,00
25-Apr-19	STANDARD	312	288460898-040	YES	7,625%	61	5 000 000	25-Jun-19	5 000 000	25-Jun-19	3000406105	63 715,75	63 715,75	0,00
												0,00		0,00
													285 223,96	
												0,00		0,00
25-Apr-19	NEDBANK	313	03/7881531576/264	YES	7,90%	91	5 000 000	25-Jul-19				98 479,45		98 479,45
												0,00		0,00
													0,00	0,00
25-Apr-19	STANDARD	314	288460898-041	YES	7,975%	123	5 000 000	26-Aug-19				134 373,29		134 373,29
												0,00		0,00
													0,00	0,00
25-Apr-19	NEDBANK	315	03/7881531576/265	YES	8,20%	153	5 000 000	25-Sep-19						