



BREED VALLEY MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2021



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence
30 November 2021

BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	The main business operation 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 2021	
Executive Mayor	Antoinette Steyn
Mayoral committee members	E.Y.Sheldon (Deputy Executive Mayor) N.Mercuur (Speaker) S.Goedeman (Chief Whip) R.Farao J. Kritzinger S.J.Mei W.R.Meiring M.Sampson J.F van Zyl J. Von Willingh E.Matjan
Accounting officer	D. McThomas
Chief Financial Officer (CFO)	R. Ontong
Grading of local authority	Councillors Grade 4 Senior Managers Category 5 Personnel Grade 4 Civic Centre
Registered office	Baring Street Worcester 6850
Postal address	Private Bag X3046 Worcester 6849
Bankers	Nedbank Limited
Auditors	Auditor-General of South Africa



BREEDE VALLEY MUNICIPALITY

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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)



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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 2022 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 page 6 to 107, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2021.



Accounting Officer
31 August 2021





Report of the Auditor General

To the Provincial Legislature of BREEDE VALLEY MUNICIPALITY

**Auditor-General of South Africa
Registered Auditors
Partner's name
Additional description
Additional description**

01 March 1900



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence
30 November 2021

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2021.

1. Review of activities

Main business and operations

Breede 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 R2 144 160 282 (2020:R2 086 402 388) at year-end.

Net surplus of the municipality was R 52 784 162 (2020: net surplus R148 081 574). The overall summarised operating results for the municipality in comparison to the approved budget are shown in the Statement of Financial Performance and also reflect a summary of income and expenditure.

2. Going concern

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 2 144 160 282 and that the municipality's assets exceed its total liabilities by R 2 144 160 282.

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 431.88 % (2020 : 426.67%). The coverage indicates that the municipality operates as a going concern. Refer to note 58 of the annual financial statements.

3. Subsequent events

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

4. B-BBEE Performance

In terms of Section 13G read with regulation 12 of the B-BBEE Act, all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment within their Annual Financial Statements and Annual Report. Refer to note 64 of the annual financial statements.

5. 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.

6. 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 2021. In the financial year ended 30 June 2021 the municipality redeemed interest-bearing debt of R 11 701 567. The interest paid on borrowings as a percentage of total expenditure is 2.26% (2020: 2.52%).

Investments as at 30 June 2021 amounted to R 101 414 454 (2020: R15 419 904). Investments and cash and cash equivalents increased from R162 139 413 to R190 762 199. Additional information regarding cash and cash equivalents, investments and loans are provided in notes 3,10,20 and Appendix A to the financial statements.

7. Capital expenditure

The capital expenditure incurred during the year 2021 amounted to R124 587 687 (2020: R 195 480 918) that represented 92.14% (2020: 80.55%) of the approved capital budget of R135 218 755 (2020: R 242 685 912). 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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Accounting Officer's Report

8. Cash flow analysis

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

Summary of net cash flows	2021	2020
Net cash flow from operating activities	157 815 236	259 643 582
Net cash flow from investing activities	(203 620 792)	(197 529 058)
Net cash flow from financing activities	(11 566 209)	(10 261 855)
Net increase/(decrease) in cash and cash equivalents	(57 371 765)	51 852 669

9. Credit rating

The municipality was rated by Moody's Investor Services during the 2019/20 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 factors. At 30 June 2021 and 30 June 2020 the current ratio was 1.82 and 1.65 respectively. This reflects a increase in the ratio.

10. 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

11. Auditors

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



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	89 347 744	146 719 509
Receivables from exchange transactions	4	92 483 529	97 766 130
Statutory receivables	5	23 309 354	32 086 054
Other receivables from non exchange	6	4 809 859	1 908 121
Other receivables from exchange transactions	7&5	7 513 582	7 511 837
Inventories	8	8 667 705	10 431 542
Short term investments	10	101 414 454	15 419 904
Long term receivables	15	1 840 485	1 967 548
Operating lease asset	9	419 027	377 503
		329 805 739	314 188 148
Non-Current Assets			
Investment property	11	63 875 500	47 144 500
Property, plant and equipment	12	2 353 159 954	2 319 644 320
Intangible assets	13	4 090 147	4 181 530
Heritage assets	14	36 631 059	36 631 059
Long term receivables	15	2 657 566	3 313 512
		2 460 414 226	2 410 914 921
Total Assets		2 790 219 965	2 725 103 069
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	102 468 165	100 109 690
Consumer deposits	17	4 366 711	4 231 352
Unspent conditional grants and receipts	18	4 195 613	19 739 244
Housing advances	19	-	2 039 797
Long term liabilities	20	18 447 673	17 433 217
Employee benefit obligation	21	48 320 987	43 960 275
Provisions	22	3 207 983	3 206 387
		181 007 132	190 719 962
Non-Current Liabilities			
Long term liabilities	20	179 138 853	192 179 568
Employee benefit obligation	21	175 260 497	151 408 176
Provisions	22	110 653 201	104 392 979
		465 052 551	447 980 723
Total Liabilities		646 059 683	638 700 685
Net Assets		2 144 160 282	2 086 402 384
Accumulated surplus		2 144 160 282	2 086 402 384

* See note 54



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	636 910 226	616 294 814
Sales of Goods and rendering of services	24	8 535 548	3 992 775
Income from agency services	25	9 820 328	7 770 194
Construction contracts		-	1 774 312
Licenses and permits		2 017 427	2 210 624
Rental income	26	6 479 325	10 625 205
Operational Revenue	27	6 775 903	5 165 294
Finance Income	28	16 180 357	18 674 249
Total revenue from exchange transactions		686 719 114	666 507 467
Revenue from non-exchange transactions			
Taxation revenue			
Availability charges		7 145 750	5 749 666
Property rates	29	155 976 506	145 106 782
Property rates - penalties imposed and collection		1 521 045	1 689 082
Transfer revenue			
Government grants & subsidies	30	221 389 902	287 137 061
Fines, Penalties and Forfeits	31	30 303 766	51 034 163
Total revenue from non-exchange transactions		416 336 969	490 716 754
Total revenue		1 103 056 083	1 157 224 221
Expenditure			
Employee related costs	32	(350 318 961)	(323 564 467)
Remuneration of councillors	33	(18 421 282)	(18 412 764)
Depreciation and amortisation	35	(88 548 817)	(87 488 922)
Bulk purchases	36	(337 524 383)	(318 841 906)
Finance costs	37	(22 350 843)	(23 642 881)
Inventory consumed		(26 166 198)	(26 974 576)
Contracted services	38	(73 166 367)	(64 400 623)
Operating lease		(8 760 238)	(7 876 097)
Grants and subsidies paid	39	(4 452 402)	(5 163 293)
Operational Costs	40	(49 964 443)	(51 645 041)
Agency fees paid	41	(8 132 156)	(7 545 498)
Construction expenditure		-	(1 774 312)
Total expenditure		(987 806 090)	(937 330 380)
Operating surplus		115 249 993	219 893 841
Gain/(loss) on disposal of assets and liabilities		421 699	(409 084)
Fair value adjustments	42	16 816 932	2 049 369
Actuarial gains/(losses)	21	(2 673 944)	16 985 099
Debt Impairment	34	(77 129 900)	(90 508 645)
Inventory gains/(losses)		99 382	70 994
Total other gains or (losses)		(62 465 831)	(71 812 267)
Surplus for the year		52 784 162	148 081 574

* See note 54



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2019	1 929 352 131	1 929 352 131
Changes in net assets		
Net income (losses) recognised directly in net assets	8 968 679	8 968 679
Surplus for the year *	148 081 574	148 081 574
Total changes	157 050 253	157 050 253
Restated* Balance at 01 July 2020	2 086 402 388	2 086 402 388
Changes in net assets		
Net income (losses) recognised directly in net assets	4 973 732	4 973 732
Surplus for the year	52 784 162	52 784 162
Total changes	57 757 894	57 757 894
Balance at 30 June 2021	2 144 160 282	2 144 160 282

* The surplus for the 2019/20 year has been restated. Refer to note 54 for the prior period error corrections.

* See note 54



BREEDE VALLEY MUNICIPALITY

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Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Cash flows from services and rate payers		804 485 477	766 506 027
Cash flows from government and other grants		205 046 731	288 457 474
Finance income:investing activities		15 185 807	18 475 307
		<u>1 024 718 015</u>	<u>1 073 438 808</u>
Payments			
Cash paid to employees		(343 201 154)	(320 066 856)
Cash paid to suppliers		(496 573 689)	(464 569 207)
Finance costs		(22 675 534)	(23 995 870)
Grants paid		(4 452 402)	(5 163 293)
		<u>(866 902 779)</u>	<u>(813 795 226)</u>
Net cash flows from operating activities	44	<u>157 815 236</u>	<u>259 643 582</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(123 788 148)	(195 295 922)
Proceeds from sale of property, plant and equipment	12	3 994 229	(409 084)
Long term receivables		1 143 127	(1 824 052)
Increase/ decrease in investment		(85 000 000)	-
Investment property additions		30 000	-
		<u>(203 620 792)</u>	<u>(197 529 058)</u>
Net cash flows from investing activities		<u>(203 620 792)</u>	<u>(197 529 058)</u>
Cash flows from financing activities			
Repayment of long term liabilities		(11 701 568)	(10 409 868)
Movement in consumer deposits		135 359	148 013
		<u>(11 566 209)</u>	<u>(10 261 855)</u>
Net cash flows from financing activities		<u>(11 566 209)</u>	<u>(10 261 855)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(57 371 765)</u>	<u>51 852 669</u>
Cash and cash equivalents at the beginning of the year		146 719 509	94 866 840
Cash and cash equivalents at the end of the year	3	<u>89 347 744</u>	<u>146 719 509</u>

* See note 54



BREEDIE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2021
STATEMENT OF BUDGET COMPARISON
WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2020/21										2019/20
	Original Budget	Budget Adjustments (i.L.o. MFMA s28)	Adjustment Budget 28 April 2021	Approved Virements (Budget Virement Policy 2020/2021)	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 thousands	1	2	3	4	5	6	7	8	9	10	14
Financial Performance											
Property rates	146 998	-	146 998	-	146 998	155 977		8 978	106,1%	106,1%	145 107
Service charges	646 947	(2 500)	644 447	-	644 447	644 056		(391)	99,9%	99,6%	622 044
Investment revenue	3 112	2 888	6 000	0	6 000	9 718		3 718	162,0%	312,3%	12 001
Transfers and subsidies	208 112	(36 898)	171 213	0	171 213	188 007		(3 206)	98,1%	80,7%	141 850
Other own revenue	150 326	3 396	153 721	(0)	153 721	92 652		(61 070)	60,3%	51,6%	91 210
Total Revenue (excluding capital transfers and contributions)	1 155 495	(33 115)	1 122 380	0	1 122 380	1 070 409		(51 971)	95,4%	92,6%	1 012 212
Employee costs	317 416	7 277	324 693	(2 967)	321 726	319 700		(2 027)	99,4%	100,7%	297 258
Remuneration of councillors	18 780	692	19 473	-	19 473	18 421		(1 051)	94,6%	98,1%	18 413
Depreciation & asset impairment	95 246	-	95 246	(6 000)	89 246	88 561		(686)	99,2%	93,0%	87 496
Finance charges	23 653	-	23 653	-	23 653	22 351		(1 302)	94,5%	94,5%	23 643
Materials and bulk purchases	346 130	20 416	366 545	1 513	368 058	363 591		(4 467)	98,6%	105,0%	345 745
Transfers and grants	65 605	(57 447)	8 158	25	8 182	4 452		(3 730)	54,4%	6,8%	6 938
Other expenditure	208 045	51 450	259 495	5 201	264 696	253 931		(10 765)	95,9%	122,1%	231 699
Total Expenditure	1 074 875	22 388	1 097 264	(2 229)	1 095 035	1 071 008		(24 027)	97,8%	99,6%	1 011 192
Surplus/(Deficit)	80 619	(55 503)	25 117	2 229	27 345	(598)		(27 944)	-2,2%	-0,7%	1 020
Transfers recognised- capital	82 337	(28 869)	53 468	(0)	53 468	52 563		(895)	98,3%	63,9%	146 877
Contributions recognised - capital & contributed assets	1 147	450	1 597	-	1 597	800		(798)	50,1%	69,7%	185
Surplus/(Deficit) after capital transfers & contributions	164 104	(63 922)	80 182	2 229	82 410	52 764		(29 626)	64,1%	32,2%	148 082
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) for the year	164 104	(63 922)	80 182	2 229	82 410	52 764		(29 626)	64,1%	32,2%	148 082
Capital expenditure & funds sources											
Capital expenditure	83 484	(28 419)			55 065	53 383		(1 683)	96,9%	63,9%	147 062
Transfers recognised - capital	-	-	-	-	-	-		-	-	-	-
Public contributions & donations	-	-	-	-	-	-		-	-	-	159
Borrowing	-	-	-	-	-	-		-	-	-	-
Internally generated funds	16 429	63 724			80 153	71 205		(8 948)	88,8%	433,4%	48 260
Total sources of capital funds	99 914	35 305			135 219	124 588		(10 631)	92,1%	124,7%	195 481
Cash flow											
Net cash from (used) operating	34 810	1 880			36 690	157 815		121 125	430,1%	453,4%	259 644
Net cash from (used) investing	(99 864)	(32 917)			(132 780)	(203 621)		(70 841)	153,4%	203,9%	(197 529)
Net cash from (used) financing	(11 652)	-			(11 652)	(11 566)		85	99,3%	99,3%	(10 262)
Cash/cash equivalents at the year end	23 325	30 652			53 978	89 348		35 370	165,5%	383,0%	146 720



BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2021

Statement of Budget Comparison

Material Variance Explanations 30 June 2021

Description	Final Budget 30 June 2021	Revenue/ Opex/ Capex 30 June 2021	Variances greater than 5%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery
Revenue By Source					
Property rates	146 998 200,00	155 976 505,52	6,11	Over collection on property rates due to the annual billing that was done in the month of July.	Positive
Investment revenue	6 000 010,00	9 717 714,19	61,96	Access funds (own as well as unspent grants) has been invested in line with the funds and reserves policies.	Positive
Other own revenue	153 721 466,00	92 651 683,13	-39,73	The provision for Bad Debts: Traffic Fines was reduced as a result of fewer outstanding traffic fine debtors.	None
Expenditure By Type					
Remuneration of councillors	19 472 643,00	18 421 282,03	-5,40	Municipal Councillors are currently still remunerated on the 2019/2020 Gazette.	None
Finance charges	23 653 200,00	22 350 842,63	-5,51	Finance charges for 2020/2021 are less than anticipated.	None
Transfers and grants	8 182 268,00	4 452 402,23	-45,58	Expenditure on Housing Projects are less than anticipated.	Negative
Capital Expenditure					
Technical Services					
Not Allocated to Wards					
Reservoirs					
Pre-loads	1 464 778,00	1 310 904,87	-153 873,13	BV 817/2020 Construction of 20 Ml Service Reservoir cancelled due to insufficient counter funding	May influence future development
Resealing of Roads					
Resealing of Municipal Roads - De Doorns	3 314 510,00	2 880 745,23	-433 764,77	Savings. Project completed	None
Networks					
Replacement of Water Network (Roll-over)	1 000 000,00	936 914,15	-63 085,85	Savings. Project completed	None
Electricity (8112)					
Refurbishment of electrical system	1 700 000,00	490 865,00	-1 209 135,00	Delay with project. Budget rolled over to 2021/22 fin year	None
Area Lighting	1 147 275,00	929 224,20	-218 050,80	Savings. Project completed	None
Ward 7					
High to Protea Str. slip lane	640 000,00		-640 000,00	Contract awarded 17 June. Budget Rolled over to 2021/22	None
Ward 8					
Replace 11 Kv cable from Mc Allister to Field Sub (1 800 m @ 185 mm Al PILC)	3 964 301,00	2 909 910,64	-1 054 390,36	Delay with project. Budget rolled over to 2021/22 fin year	None
Erosion Protection of Hex River : Phase 2 (300m @ R13 333,33/m)	1 432 718,00	754 636,10	-678 081,90	Contract awarded. Budget Rolled over to 2021/22	None
Ward 12					
Ward12 - Upgrading of gravel roads	227 233,00	104 000,00	-123 233,00	Contract awarded. Budget Rolled over to 2021/22	None
SERVICE CONNECTIONS (Depending on Public Contr)					
Sewer Connections	1 120 000,00		-1 120 000,00	Spending only on application for new connections	None
Electricity Connections	260 659,00	180 200,28	-80 458,72	Spending only on application for new connections	None
Water Connections	2 719 200,00	1 713 750,50	-1 005 449,50	Spending only on application for new connections	None



Statement of Budget Comparison

Material Variance Explanations 30 June 2021

Description	Final Budget 30 June 2021	Revenue/ Opex/ Capex 30 June 2021	Variances greater than 5%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery
Land Infill Developments					
Site A - Meirings Park (Erven 1, 6920, 6921) Water	292 085,00	233 189,13	-58 895,87	Savings. Project completed	None
Site A - Meirings Park (Erven 1, 6920, 6921) Sewer	876 009,00	652 756,80	-223 252,20	Savings. Project completed	None
Site A - Meirings Park (Erven 1, 6920, 6921) Electricity	1 974 206,00	1 718 881,66	-255 324,34	Savings. Project completed	None
Site D - Avian Park (25 Erven) Roads	257 109,00		-257 109,00	Contract awarded. Budget rolled over to 2021/22 fin year	None
Site D - Avian Park (25 Erven) Stormwater	275 000,00		-275 000,00	Contract awarded. Budget rolled over to 2021/22 fin year	None
Municipal Manager					
Project Management -0615					
Sewer connection for neighbourhood centre in Riverview	450 000,00	305 873,33	-144 126,67	INEP funding. Project completed. Savings to be re-allocated to new project	None
Community Services					
ADMIN - 0903					
Youth Café	600 000,00	253 727,07	-346 272,93	Project completed. Work done internally by own dept's	None
FIRE DEPARTMENT: ADMIN - 4203					
Fire Fighting Equipment - Donated Assets	450 000,00	799 540,00	349 540,00	Additional donated assets not budgeted for	Improvement with additional items
Fire Station: De Doorns	1 324 039,00	794 307,30	-529 731,70	Expenditure in 2019/20 financial year. Mig project. Bridging finance supplied by BVM ---	None
FINANCIAL SERVICES					
Admin					
Computer Equipment	200 000,00		-200 000,00	Delay in delivery as a result of shortage of micro processors. Budget rolled over	Low. Risk of equipment failure
Financial Planning					
Safeguarding of Assets	672 000,00	91 923,78	-580 076,22	Tender for Elec substation alarms not completed in time	High. Safety of substations at risk
Insurance claims	1 128 000,00	344 495,00	-783 505,00	Delay in delivery of Generator. Funds rolled over	None
SCM					
FS SCM - Upgrade of new municipal offices	3 332 929,00	3 065 727,61	-267 201,39	Project completed	None
STRATEGIC SUPPORT SERVICES					
WORCESTER TOWN HALL					
Town Hall Roof	100 000,00		-100 000,00	Intended to repair or replace townhall roof but budget was too small for total cost hence project stopped.	Delay in repairs/replacement



Statement of Budget Comparison

Material Variance Explanations 30 June 2021

Description	Final Budget 30 June 2021	Revenue/ Opex/ Capex 30 June 2021	Variances greater than 5%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery

Virements to Final Adjustment Budget (Reconciliation of Budget Summary)

Revenue By Source

Investment revenue	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 28 April 2021: 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 2020/2021.
Transfers and subsidies	
Transfers recognised- capital	
Other own revenue	

Expenditure By Type

Employee costs	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 28 April 2021: 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 2020/2021.
Depreciation & asset impairment	
Materials and bulk purchases	
Transfers and grants	
Other expenditure	

Capital Expenditure

Total Capital Expenditure	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 28 April 2021: 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 2020/2021.
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Cash Flow

Cash/ Cash Equivalents at the year end.	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 28 April 2021: 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 2020/2021.
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BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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 2021

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 21.

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

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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 2021

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 2021

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 2021

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 water	99 years
Computer software, other	3-5 years



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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 14.

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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

Class	Category
Long term receivables	Financial asset measured at fair value
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
Other receivables from non exchange transaction	Financial asset measured at amortised cost
Other receivables from exchange transaction	Financial asset measured at amortised cost

The entity 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 entity 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 entity 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 entity 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 2021

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 entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the 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 entity 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 entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity:
 - 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 entity 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.

BREEDE VALLEY MUNICIPALITY

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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 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

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Accounting Policies

1.12 Construction contracts and receivables (continued)

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.13 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

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.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

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.

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

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

1.14 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

1.14 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.



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1.15 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 than 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

1.15 Provisions and Contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

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 1.13 and 1.14.

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

1.16 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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Accounting Policies

1.16 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

1.16 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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Accounting Policies

1.16 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 entity 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 entity 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

1.17 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

1.17 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.

1.18 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.



Accounting Policies

1.18 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.

1.19 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.

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 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.

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.19 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.

1.20 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.

1.21 Accounting by principals and agents

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.21 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

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

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

1.23 Fruitless and wasteful expenditure

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

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

1.24 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the 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.



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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.25 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

1.26 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.

1.27 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.

1.28 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 2020 to 30 June 2021.

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.

1.29 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

1.30 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.

1.31 Housing advances

Compulsory convertible preference shares [Compulsory convertible debentures] are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the municipality, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.32 Segment information

A segment is an activity of a municipality:

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

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

Measurement

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

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the municipality's financial statements.

1.33 Living and non-living resources

Living resources are those resources that undergo biological transformation.



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Accounting Policies

Living and non-living resources (continued)

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by an municipality of the biological transformation and harvest of biological assets for:

- (a) sale;
- (b) distribution at no charge or for a nominal charge; or
- (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- (a) is used in the production or supply of agricultural produce;
- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Carrying amount is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or development and, where applicable, the amount attributed to the asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that an municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by an municipality, or the number of production or similar units expected to be obtained from the asset by an municipality.

GRAP 110 Living and Non-living Resources became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to recognise and/or measure living resources for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP subject to the provisions in Directive .3

The municipality is taking advantage of the transitional provisions by not recognising or measuring its Living Resources in accordance with GRAP 110, and, therefore, no disclosures required by GRAP 110 has been made in respect of Living Resources. The municipality has however disclosed information about Non-living Resources in note 62.

No Living Resources are recognised and no preliminary amounts are presented and at reporting date. The municipality intends to fully apply the requirements of GRAP 110 by 30 June 2023.

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Accounting Policies

1.34 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.

1.35 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.

1.36 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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Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 18: Segment Reporting

GRAP 110: Living and non living resources



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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	13 133	13 134
Bank balances	89 334 611	146 706 375
	89 347 744	146 719 509

For the purpose of the Cash Flow Statement, Cash and cash equivalents includes Cash on hand and cash in banks. Refer to note 63 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 (Ba2)	89 334 611	146 706 375
	-	-
Nedbank (P-1)	45 660 315	10 288 726
Standard Bank (P-1)	20 335 654	5 131 178
Absa (P-1)	25 338 647	-
FNB (P-1)	10 079 838	-
	190 749 065	162 126 279

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.



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Figures in Rand	2021	2020
4. Receivables from exchange transactions		
Gross balances		
Electricity	56 337 031	61 226 567
Housing rental	10 873 997	9 390 056
Housing Selling Schemes	242 341	302 057
Refuse	27 370 110	24 060 343
Sewerage	44 770 368	39 837 075
Sundries	16 008 039	11 933 996
Water	50 023 998	43 748 503
	205 625 884	190 498 597
Less: Allowance for impairment		
Electricity	(3 838 483)	(2 783 959)
Housing Selling schemes	(125 515)	(144 862)
Housing rental	(9 457 815)	(8 369 342)
Refuse	(21 339 270)	(18 558 174)
Sewerage	(34 411 250)	(29 929 761)
Sundries	(12 567 813)	(9 761 156)
Water	(31 402 209)	(23 185 213)
	(113 142 355)	(92 732 467)
Net balance		
Electricity	52 498 548	58 442 608
Housing rental	1 416 182	1 020 714
Housing selling schemes	116 826	157 195
Refuse	6 030 840	5 502 169
Sewerage	10 359 118	9 907 314
Sundries	3 440 226	2 172 840
Water	18 621 789	20 563 290
	92 483 529	97 766 130
Electricity		
Current (0 -30 days)	50 110 959	49 555 189
31 - 60 days	1 136 654	4 036 059
61 - 90 days	798 617	2 280 097
91 - 120 days	292 464	1 763 852
121 - 365 days	3 998 337	3 591 370
Less: Provision for impairment	(3 838 483)	(2 783 959)
	52 498 548	58 442 608
Water		
Current (0 -30 days)	14 323 879	15 381 025
31 - 60 days	2 180 031	3 260 688
61 - 90 days	1 780 202	1 811 921
91 - 120 days	1 781 785	1 629 258
121 - 365 days	29 958 101	21 665 611
Less: Provision for impairment	(31 402 209)	(23 185 213)
	18 621 789	20 563 290



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Figures in Rand	2021	2020
4. Receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	5 530 255	5 603 735
31 - 60 days	1 537 446	1 936 695
61 - 90 days	1 340 540	1 562 115
91 - 120 days	1 317 951	1 339 545
121 - 365 days	35 044 176	29 394 985
Less: Provision for impairment	(34 411 250)	(29 929 761)
	10 359 118	9 907 314
Refuse		
Current (0 -30 days)	3 221 018	3 171 495
31 - 60 days	896 020	1 112 656
61 - 90 days	806 322	898 047
91 - 120 days	792 500	775 672
121 - 365 days	21 654 250	18 102 473
Less: Provision for impairment	(21 339 270)	(18 558 174)
	6 030 840	5 502 169
Housing Selling Schemes		
Current (0 -30 days)	5 045	5 975
31 - 60 days	1 935	2 637
61 - 90 days	1 475	2 117
91 - 120 days	1 398	1 885
121 - 365 days	232 488	289 443
Less: Provision for impairment	(125 515)	(144 862)
	116 826	157 195
Housing rental		
Current (0 -30 days)	309 744	360 444
31 - 60 days	265 627	258 868
61 - 90 days	218 422	238 096
91 - 120 days	205 486	224 198
121 - 365 days	9 874 718	8 308 450
Less: Provision for impairment	(9 457 815)	(8 369 342)
	1 416 182	1 020 714
Sundries		
Current (0 -30 days)	2 693 384	3 770 608
31 - 60 days	197 815	159 661
61 - 90 days	644 308	119 076
91 - 120 days	790 393	129 218
121 - 365 days	11 682 139	7 755 433
Less: Provision for impairment	(12 567 813)	(9 761 156)
	3 440 226	2 172 840



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Figures in Rand	2021	2020
4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	57 804 737	59 955 031
31 - 60 days	2 441 222	2 262 514
61 - 90 days	3 872 847	3 735 636
91 - 120 days	4 750 827	4 481 616
121 - 365 days	104 036 924	85 252 994
	172 906 557	155 687 791
Industrial/ commercial		
Current (0 -30 days)	17 059 446	14 808 994
31 - 60 days	3 501 313	5 555 141
61 - 90 days	1 592 847	2 452 561
91 - 120 days	399 965	988 399
121 - 365 days	7 799 204	3 190 291
	30 352 775	26 995 386
National and provincial government		
Current (0 -30 days)	1 330 101	3 084 447
31 - 60 days	272 992	2 949 609
61 - 90 days	124 192	723 272
91 - 120 days	31 185	393 612
121 - 365 days	608 093	664 480
	2 366 563	7 815 420
Total		
Current (0 -30 days)	76 194 284	77 848 473
31 - 60 days	6 215 527	10 767 263
61 - 90 days	5 589 885	6 911 469
91 - 120 days	5 181 976	5 863 627
121 - 365 days	112 444 222	89 107 765
	205 625 894	190 498 597
Less: Allowance for impairment	(113 142 345)	(92 732 467)
	92 483 549	97 766 130
Less: Allowance for impairment		
31 - 60 days	(5 433 289)	(8 863 505)
61 - 90 days	(4 886 386)	(5 689 453)
91 - 120 days	(4 529 813)	(4 826 880)
121 - 365 days	(98 292 858)	(73 352 629)
	(113 142 346)	(92 732 467)
Total debtor past due but not impaired		
31 - 60 days	782 238	1 903 759
61 - 90 days	703 450	1 222 016
91 - 120 days	652 164	1 036 747
121 - 365 days	14 151 363	15 755 135
	16 289 215	19 917 657



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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4. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As at 30 June 2021, receivables from exchange transactions with an amount of R 113 142 345 (2020: R 92 732 467) were impaired and provided for.

Reconciliation of allowance for impairment

Balance at beginning of the year	(92 732 453)	(70 833 975)
Contributions to allowance	(40 996 379)	(40 489 587)
Debt impairment written off against allowance	20 586 487	18 591 094
	<u>(113 142 345)</u>	<u>(92 732 468)</u>

Receivables from exchange transactions past due but not impaired

The Council regards receivables from exchange transactions 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 2021 receivables from exchange transactions of R 16 289 255 (2020: R19 917 658) 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.



BREED VALLEY MUNICIPALITY

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Figures in Rand	2021	2020
5. Statutory Receivables		
Gross balances		
Rates	35 526 607	33 796 798
Traffic fines	31 656 950	62 824 154
Vat receivable	2 371 796	1 162 704
	69 555 353	97 783 656
Less: Allowance for impairment		
Rates	(21 410 239)	(17 292 960)
Traffic fines	(24 835 760)	(48 404 642)
	(46 245 999)	(65 697 602)
Net balance		
Rates	14 116 368	16 503 838
Traffic fines	6 821 190	14 419 512
Vat receivable	2 371 796	1 162 704
	23 309 354	32 086 054
Rates		
Current (0 -30 days)	8 884 749	8 965 652
31 - 60 days	1 393 477	2 996 023
61 - 90 days	926 462	1 404 704
91 - 120 days	792 103	979 268
121 - 365 days	23 529 816	19 451 152
Less: Provision for impairment	(21 410 239)	(17 292 961)
	14 116 368	16 503 838
Summary of rates receivables by customer classification: Rates		
Consumers		
Current (0 -30 days)	7 398 705	6 843 363
31 - 60 days	1 160 407	2 286 825
61 - 90 days	771 504	1 072 192
91 - 120 days	659 618	747 463
121 - 365 days	19 594 272	14 846 805
	29 584 506	25 796 648
Industrial/ commercial		
Current (0 -30 days)	1 298 801	1 660 897
31 - 60 days	203 703	555 016
61 - 90 days	135 433	260 223
91 - 120 days	115 792	181 411
121 - 365 days	3 439 665	3 603 347
	5 193 394	6 260 894
National and provincial government		
Current (0 -30 days)	27 307	490 253
31 - 60 days	14 419	470 633
61 - 90 days	3 538	95 513
91 - 120 days	3 517	55 671
121 - 365 days	699 926	627 185
	748 707	1 739 255

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
5. Statutory Receivables (continued)		
Total		
Current (0 -30 days)	8 884 749	8 965 652
31 - 60 days	1 393 477	2 996 023
61 - 90 days	926 462	1 404 704
91 - 120 days	792 103	979 268
121 - 365 days	23 529 816	19 451 150
	<u>35 526 607</u>	<u>33 796 797</u>
Less: Allowance for impairment	<u>(21 410 239)</u>	<u>(17 292 961)</u>
	14 116 368	16 503 836
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(1 119 842)	(2 086 497)
61 - 90 days	(744 534)	(978 267)
91 - 120 days	(636 559)	(681 984)
121 - 365 days	(18 909 304)	(13 546 213)
	<u>(21 410 239)</u>	<u>(17 292 961)</u>
Total debtor past due but not impaired		
31 - 60 days	273 635	909 526
61 - 90 days	181 928	426 437
91 - 120 days	155 544	297 284
121 - 365 days	4 620 513	5 904 938
	<u>5 231 620</u>	<u>7 538 185</u>
Reconciliation of traffic fines		
Balance at beginning of the year	14 419 512	19 732 691
New receivables: traffic fines	27 366 900	49 985 595
Write-offs	(56 869 685)	(56 782 754)
Payment of old fines	(1 664 420)	(7 212 076)
Provision for impairment movement	23 568 883	8 696 056
	<u>6 821 190</u>	<u>14 419 512</u>
Statutory receivables impaired		
As of 30 June 2021, statutory receivables were impaired by R 46 245 999 (2020: R65 697 602) and provided for.		
Reconciliation of allowance for impairment: Rates		
Balance at beginning of the year	17 292 960	15 154 180
Contributions to allowance	5 742 254	3 060 310
Debt impairment written off against allowance	(1 624 975)	(921 530)
	<u>21 410 239</u>	<u>17 292 960</u>
Reconciliation of allowance for impairment: Traffic Fines		
Balance at beginning of the year	48 404 642	57 100 698
Contributions to allowance	33 300 802	48 086 698
Debt impairment written off against allowance	(56 869 684)	(56 782 754)
	<u>24 835 760</u>	<u>48 404 642</u>



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand 2021 2020

5. Statutory Receivables (continued)

Credit quality of statutory receivables

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.

Statutory receivables general information

Transaction(s) arising from statute

Property rates transactions arises from the Property Rates Act, Traffic fines transactions arises from the AARTO Act and Vat transactions arises from the VAT Act of 1991.

Determination of transaction amount

Property rates amounts are determined through tariffs approved yearly by council. Traffic fines amounts are derived from a standardised table of speeding fines which is determined by a magistrate.

Interest or other charges levied/charged

Interest is charges on overdue consumer debtors (including property rates) at prime plus 1%.

Basis used to assess and test whether a statutory receivable is impaired

The calculation in respect of the impairment of property rates receivable is based on an assessment per account holder taking into account the payment rate, levies billed and payments made. An account with a payment rate of less than 80% is deemed to be impaired and an impairment is raised as the difference between the actual payment rate and 100%. The total collectability of property rates and other services were 95% (2020:92.26%).

The calculation in respect of the impairment of fines receivable is based on an assessment of the past payment history of fines per category. The total average collectability of fines were:

Section 341 Notice	7,93%	10,76%
Section 56 Notice	31,10%	36,58%
Traffic Management Technologies	28,41%	28,26%
Provincial Authority	10,91%	10,45%

6. Other receivables from non exchange transactions

Gross balances

Availability charges	11 665 802	9 446 514
Traffic revenue receivable	24 670	24 670
Grant receivable	2 486 882	-
Housing board subsidies	598 658	598 658
	14 776 012	10 069 842

Less: Allowance for impairment

Availability charges	(9 966 152)	(8 161 722)
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Net balance

Availability charges	1 699 650	1 284 792
Traffic revenue receivable	24 670	24 670
Grant receivable	2 486 882	-
Housing board subsidies	598 658	598 658
	4 809 860	1 908 120



BREED VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
6. Other receivables from non exchange transactions (continued)		
Availability charges		
Current (0 -30 days)	573 984	484 213
31 - 60 days	1 189 257	278 766
61 - 90 days	220 403	245 585
91 - 120 days	207 672	231 087
121 - 365 days	9 474 486	8 206 863
Less: Provision for impairment	(9 966 152)	(8 161 722)
	1 699 650	1 284 792
Summary of receivables by customer classification		
Consumers		
Current (0 -30 days)	573 984	484 213
31 - 60 days	1 189 257	278 766
61 - 90 days	220 403	245 585
91 - 120 days	207 672	231 087
121 - 365 days	9 474 486	8 206 863
	11 665 802	9 446 514
Industrial/ commercial		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	-
121 - 365 days	-	-
	-	-
National and provincial government		
Current (0 -30 days)	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	-
121 - 365 days	-	-
	-	-
Total		
Current (0 -30 days)	573 984	484 213
31 - 60 days	1 189 257	278 766
61 - 90 days	220 403	245 585
91 - 120 days	207 672	231 087
121 - 365 days	9 474 485	8 206 862
	11 665 802	9 446 514
Less: Allowance for impairment	(9 966 152)	(8 161 722)
	1 699 649	1 284 792
Less: Allowance for impairment : Availability Charges		
Current (0 -30 days)	-	-
31 - 60 days	(1 068 564)	(253 865)
61 - 90 days	(198 035)	(223 648)
91 - 120 days	(186 596)	(210 445)
121 - 365 days	(8 512 957)	(7 473 764)
	(9 966 152)	(8 161 722)



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Figures in Rand 2021 2020

6. Other receivables from non exchange transactions (continued)

Total receivables past due but not impaired: Availability Charges

31 - 60 days	120 693	24 901
61 - 90 days	22 368	21 937
91 - 120 days	21 076	20 642
121 - 365 days	961 528	733 099
	<u>1 125 665</u>	<u>800 579</u>

Other receivables from non-exchange transactions impaired

As of 30 June 2021, other receivables from non-exchange transactions of R 9 966 152 (2020: R8 161 722) were impaired and provided for.

Reconciliation of allowance for impairment: Availability Charges

Balance at beginning of the year	(8 161 722)	(6 646 894)
Contributions to allowance	(1 865 812)	(1 609 743)
Debt impairment written off against allowance	61 382	94 915
	<u>(9 966 152)</u>	<u>(8 161 722)</u>

Credit quality of receivables from non-exchange transactions

The credit quality of other 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.



BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
7. Other receivables from exchange transactions		
Loans granted	4 837	6 472
Other receivables	79 768	617 602
PAYE	1 145 403	1 145 403
Prepaid expenses	5 515 182	4 842 802
Recoverable expenses	432 660	412 766
Interest receivable	339 580	492 878
Less: Allowance for impairment	(3 848)	(6 086)
	7 513 582	7 511 837

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	(6 086)	(4 124)
Increase in provision for the year	2 238	(1 962)
	(3 848)	(6 086)

8. Inventories

Consumable stores	7 956 216	9 819 436
Water stock	711 489	612 106
	8 667 705	10 431 542

Inventories recognised as an expense during the year 16 001 470 13 974 030

Inventory pledged as security

None of the above Inventory has been pledged as security.

9. Operating lease asset (accrual)

Lease asset	419 027	377 503
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Operating leases - as lessor (income)

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 41 524 (2020: increase R 484 660).

Minimum lease payments due

- within one year	527 333	1 070 901
- in second to fifth year inclusive	207 108	734 441
	734 441	1 805 342



BREEDE VALLEY MUNICIPALITY

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Figures in Rand	2021	2020
10. Short term investments		
Other fixed deposits	101 414 454	15 419 904
Current assets		
Short term portion of investment	101 414 454	15 419 904

Short term fixed deposits are made with various banks for a period from 1 - 12 months. The interest rates earned vary between 3.60 % and 7.60% per annum.

11. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	63 875 500	-	63 875 500	47 144 500	-	47 144 500

Reconciliation of investment property - 2021

	Opening balance	Disposals	Transfers received	Fair value adjustments	Total
Investment property	47 144 500	(90 500)	364 686	16 456 814	63 875 500

Reconciliation of investment property - 2020

	Opening balance	Fair value adjustments	Total
Investment property	44 866 400	2 278 100	47 144 500

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.



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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11. Investment property (continued)

Details of valuation

The effective date of the revaluations was Wednesday, 30 June 2021. 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.

Reconciliation of valuation obtained and the valuation included in the financial statements

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	295 599	281 400
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Maintenance of investment property

In the current year the expenditure on investment property ran through one department which 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.

Repairs and maintenance per class of asset type

Preventative maintenance

Buildings	-	5 095
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Repairs and maintenance per nature of expenditure

Contracted Services	-	5 095
	-	5 095



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand

12. Property, Plant and Equipment

	2021		2020			
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Buildings	334 100 728	(190 827 700)	143 273 028	321 357 288	(186 064 410)	135 292 878
Infrastructure	3 071 223 805	(1 177 279 283)	1 893 944 522	2 971 330 647	(1 108 047 080)	1 863 283 567
Land	230 882 268	-	230 882 268	233 613 024	-	233 613 024
Other property, plant and equipment	152 591 025	(67 530 889)	85 060 136	148 763 246	(61 308 395)	87 454 851
Total	3 788 797 826	(1 435 637 872)	2 353 159 954	3 675 064 205	(1 355 419 885)	2 319 644 320

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers received	Other changes, movements	Depreciation	Total
Buildings	135 292 878	14 768 347	(91 726)	(487 977)	-	(6 208 494)	143 273 028
Infrastructure	1 863 283 566	103 040 310	(14 636)	(308 059)	-	(72 056 659)	1 893 944 522
Land	233 613 024	-	(2 366 070)	(364 686)	-	-	230 882 268
Other property, plant and equipment	87 454 852	6 779 030	(1 100 098)	-	1 590 368	(9 664 016)	85 060 136
Total	2 319 644 320	124 587 687	(3 572 530)	(1 160 722)	1 590 368	(87 929 169)	2 353 159 954

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers received	Other changes, movements	Depreciation	Total
Buildings	124 003 626	8 784 244	-	8 271 640	-	(5 766 631)	135 292 879
Infrastructure	1 768 268 223	178 671 862	-	(14 358 785)	-	(69 297 734)	1 863 283 566
Land	233 613 024	-	-	-	-	-	233 613 024
Other property, plant and equipment	76 067 207	8 024 812	(413 992)	6 039 675	9 910 822	(12 173 673)	87 454 851
Total	2 201 952 080	195 480 918	(413 992)	(47 470)	9 910 822	(87 238 038)	2 319 644 320

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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12. Property, Plant and Equipment (continued)

Pledged as security

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

Work in progress

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

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

Buildings	10 723 136	2 040 181
Infrastructure	312 059 096	289 986 749
Other Assets	76 800	76 800
	322 859 032	292 103 730

Work in progress balances were mainly as result of projects being multi-year projects and funding challenges experienced.

Many of the projects have also been delayed as a result of Covid 19 and the national lockdown.

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

Repairs and maintenance per allocation to asset type

Infrastructure	32 869 365	31 255 648
General Vehicles	7 895 712	8 779 573
Plant and Equipment	3 322 511	3 319 112
Furniture and other Office Equipment	3 674 852	4 015 114
Other Buildings	6 035 494	5 563 788
	53 797 934	52 933 235

Repairs and maintenance per nature of expense

Contracted Services	31 034 647	27 822 797
Labour	11 110 472	12 802 318
Material	11 652 815	12 308 120
	53 797 934	52 933 235

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 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 2021 and therefore the depreciation charge was applied prospectively from 1 July 2020 over the remaining useful life of these assets. The effect of the change in accounting estimate is further disclosed in note 54.

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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13. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 088 817	(717 804)	371 013	1 088 817	(669 173)	419 644
Right of use of water	4 275 264	(556 130)	3 719 134	4 275 264	(513 378)	3 761 886
Total	5 364 081	(1 273 934)	4 090 147	5 364 081	(1 182 551)	4 181 530

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	419 645	(48 631)	371 014
Right of use of water	3 761 885	(42 752)	3 719 133
	4 181 530	(91 383)	4 090 147

Reconciliation of intangible assets - 2020

	Opening balance	Amortisation	Total
Computer software	627 658	(208 013)	419 645
Right of use of water	3 804 754	(42 869)	3 761 885
	4 432 412	(250 882)	4 181 530

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.



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14. Heritage assets

	2021			2020		
	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 2021

	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

Reconciliation of heritage assets 2020

	Opening balance	Total
Art	12 575 100	12 575 100
Books	585 959	585 959
Land	16 770 000	16 770 000
Heritage assets which fair values cannot be reliably measured: (Para .94)		
Other (specify class)	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 need 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.



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15. Long term receivables		
Housing selling schemes loans		
Housing selling schemes	89 359	96 725
Less: Allowance for impairment	(50 310)	(41 882)
	<u>39 049</u>	<u>54 843</u>
Housing loans - personnel		
Housing personnel	<u>112 936</u>	<u>188 351</u>
Arrangements		
Arrangements	10 161 201	10 191 394
Less: Allowance for impairment	(5 815 135)	(5 153 527)
	<u>4 346 066</u>	<u>5 037 867</u>
Less: Current portion transferred to current receivables		
Housing selling schemes	(5 140)	(4 253)
Housing personnel	(6 258)	(18 355)
Arrangements	(4 283 213)	(3 938 257)
	<u>(4 294 611)</u>	<u>(3 960 865)</u>
Less: Current Portion of allowance for impairment transferred to current receivables		
Housing selling schemes	(2 894)	(1 842)
Arrangements	(2 451 232)	(1 991 476)
	<u>(2 454 126)</u>	<u>(1 993 318)</u>
Non-current assets		
Long term receivables- non current portion	2 657 566	3 313 512
Long term receivables - current portion	<u>1 840 485</u>	<u>1 967 548</u>
	<u>4 498 051</u>	<u>5 281 060</u>



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15. 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 30 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 2021 long term receivables of R3 411 319 (2020: R3 202 092) 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.

16. Payables from exchange transactions

Credit balances closed	402 190	546 475
Ex Retentions	290 039	290 039
Other payables	2 423 094	1 530 043
Payments received in advance	10 394 166	10 286 221
Retentions	7 112 654	4 527 961
Sundry deposits	754 315	762 441
Trade payables	81 091 707	82 166 510
	102 468 165	100 109 690



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Figures in Rand	2021	2020
17. Consumer deposits		
Electricity	2 057 085	1 976 910
Water	2 309 626	2 254 442
	<u>4 366 711</u>	<u>4 231 352</u>
Guarantees		
Guarantees held in lieu of Electricity and Water deposits	<u>20 500</u>	<u>20 500</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>		
18. Unspent conditional grants and receipts		
Balances at year end		
Unspent conditional grants and receipts		
Unspent grants	<u>4 195 613</u>	<u>19 739 244</u>
Movement during the year		
Balance at the beginning of the year	19 739 244	18 233 831
Total Government receipts	217 727 484	294 317 067
Conditions met- capital grants	(53 382 663)	(147 061 761)
Conditions met- operating grants	(168 007 239)	(145 755 908)
Included in other receivables	3 085 031	513 658
From other receivables	(14 966 244)	(507 643)
	<u>4 195 613</u>	<u>19 739 244</u>

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.



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19. Housing advances		
Construction contracts in progress at reporting date		
No contract revenue was recognised as revenue for the period (2020: R1 774 312).		
Aggregate amount of costs incurred	-	94 166 096
Amount of advances received	-	2 039 797
Amount of retentions	-	-
	<u>-</u>	<u>96 205 893</u>
Balance unspent at the beginning of year	- 2 039 797	3 067 276
Current year receipts	-	746 833
Conditions met - transferred to revenue	-	(1 774 312)
Transfer refunded	(2 039 797)	-
	<u>-</u>	<u>2 039 797</u>
20. Long term liabilities		
At amortised cost		
Annuity loans	197 586 526	209 612 785
	<u>-</u>	<u>-</u>
	<u>197 586 526</u>	<u>209 612 785</u>
Total other financial liabilities	<u>197 586 526</u>	<u>209 612 785</u>
Non-current liabilities		
At amortised cost	179 138 853	192 179 568
Current liabilities		
At amortised cost	18 447 673	17 433 217



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21. Employee benefit obligation

Reconciliation of employee benefits - 2021	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	141 036 000	27 942 374	(6 473 374)	162 505 000
Long service awards	19 231 000	4 496 570	(2 209 570)	21 518 000
Performance bonus	1 011 111	1 037 177	(1 011 111)	1 037 177
Staff leave accrual	27 557 767	6 404 764	(1 859 575)	32 102 956
13th cheque accrual	6 532 573	(114 223)	-	6 418 350
	195 368 451	39 766 662	(11 553 630)	223 581 483

Reconciliation of employee benefits - 2020	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	141 719 000	5 529 266	(6 212 266)	141 036 000
Long service awards	19 887 000	1 398 636	(2 054 636)	19 231 000
Performance bonus	947 788	1 011 111	(947 788)	1 011 111
Staff leave accrual	21 734 148	7 253 525	(1 429 906)	27 557 767
13th cheque accrual	6 191 731	340 842	-	6 532 573
	190 479 667	15 533 380	(10 644 596)	195 368 451

Non-current employee benefits

Provision for Post-retirement medical aid benefits	155 411 600	134 280 400
Long service awards	19 848 897	17 127 776
	175 260 497	151 408 176

Current employee benefits

Provision for Post-retirement medical aid benefits	7 093 400	6 755 600
Long service awards	1 669 103	2 103 224
Performance bonus	1 037 177	1 011 111
Staff leave accrual	32 102 956	27 557 767
13th cheque accrual	6 418 350	6 532 573
	48 320 986	43 960 275

Post-Retirement medical aid benefit: Movements

Opening balance	141 036 000	141 719 000
Benefits paid	(6 473 374)	(6 212 266)
Net expense recognised	27 942 374	5 529 266
	162 505 000	141 036 000

Post-Retirement medical aid benefit: Net expense recognised

Current service cost	4 779 000	4 956 000
Interest cost	21 307 000	15 543 000
Actuarial losses/(Gains)	1 856 374	(14 969 735)
	27 942 374	5 529 265

Long service awards: Movements

Opening balance	19 231 000	19 887 000
Benefits paid	(2 209 570)	(2 054 636)
Net expense recognised	4 496 570	1 398 636
	21 518 000	19 231 000



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Figures in Rand	2021	2020
21. Employee benefit obligation (continued)		
Long service awards: Net expense recognised		
Current service cost	1 361 000	1 459 000
Interest cost	2 318 000	1 955 000
Actuarial losses/(Gains)	817 570	(2 015 364)
	4 496 570	1 398 636

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 2021: 72% (2020: 69%) 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 2021: 14.57 % (2020:13.32%) 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. Boyd Oosthuizen (B.Comm Hons. Actuarial Science) 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 2021:

Post Retirement Medical Aid Benefit: Discount rate	12,01 %	8,72 %
Post Retirement Medical Aid Benefit: Healthcare cost inflation	8,62 %	5,28 %
Long service awards: Discount rates	Yield curve	Yield curve
Long service awards: Discounts salary inflation	CPI+1%	CPI+1.5%

The nominal and real zero curves as at 30 June 2021 supplied by the JSE are the basis used to determine the discount rate and CPI assumptions at each relevant time period.



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21. Employee benefit obligation (continued)

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 trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the service	6 920 000	4 591 000
Effect on defined interest cost	23 175 000	17 641 000
Effect on defined benefit obligation	186 283 000	142 952 000

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	1 650 000	1 404 000
Effect on defined interest cost	2 443 000	2 119 000
Effect on defined benefit obligation	23 045 000	20 136 000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all 876 (2020: 876) 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 2019.

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 2020.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2020.

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 34 080 106 (2020: R 31 451 270).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R1 531 887 (2020: R1 563 234).

Contributions to medical aid funds

Contributions to medical aid funds for employees	20 099 374	18 669 342
Contributions to medical aid funds for councillors	311 003	298 700
Contributions to medical aid funds for pensioners	6 473 374	6 212 266
	26 883 751	25 180 308



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21. Employee benefit obligation (continued)

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 2020 revealed that the funding level of the share account was 100.5 % and the pension account was 132.2%. At the valuation date the municipality had 779 members (Fund: 50 513 members) and nil pensioners (Fund: 549 pensioners) belonging to the fund.

22. Provisions: Landfill Site

Reconciliation of provisions - 2021

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	104 392 979	2 118 632	-	4 141 590	110 653 201
Closure site	3 206 387	-	1 596	-	3 207 983
	107 599 366	2 118 632	1 596	4 141 590	113 861 184

Reconciliation of provisions - 2020

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	87 601 261	9 910 826	-	6 880 893	104 392 980
Closure site	1 156 110	-	2 050 277	-	3 206 387
	88 757 371	9 910 826	2 050 277	6 880 893	107 599 367

Non-current liabilities	110 653 201	104 392 979
Current liabilities	3 207 983	3 206 387
	113 861 184	107 599 366

The provision for landfill site for De Doorns was done for a 26.83 year period and the Worcester site for a period of 6.67 years.

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 4 141 590 (2020: R 6 880 893) 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 1 596 (2020: provision of R 2 050 277).



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23. Service charges		
Electricity	424 662 335	410 800 240
Water	94 071 737	91 640 654
Sewerage and sanitation	76 021 160	73 688 225
Refuse removal	42 154 994	40 165 695
	636 910 226	616 294 814
24. Sales of Goods and Rendering of Services		
Advertisement	73 907	116 866
Building Plan Approval	1 287 314	953 826
Camping Fees	10 287	205 383
Cemetery and Burial	1 611 544	928 996
Clearance Certificate	238 651	195 842
Development Charges	4 491 359	-
Entrance Fees	6 917	1 176 980
Fire Services	142 769	198 595
Photocopies and Faxes	438 129	47 619
Prints	7 116	16 553
Tender Documents	9 000	6 771
Sub-division and Consolidation Fees	95 541	41 945
Recycling of Waste	10 416	11 482
Valuation Services	112 598	91 917
	8 535 548	3 992 775
25. Agency services		
Vehicle Registration	9 415 961	7 542 919
Insurance	404 367	227 275
	9 820 328	7 770 194
<p>The municipality entered into an arrangement with the Department of Transport and Public Works to collect revenue in respect of the registration and licencing of motor vehicles. The municipality has assessed the criteria set out in GRAP 109 par 25 as well as the arrangements entered into and concluded that the municipality is an agent for both of the arrangements. At reporting date the municipality had no debtor for the vehicle registration.</p>		
Reconciliation of the carrying amount of the receivable:		
Opening balance	-	-
Revenue received	52 631 969	41 683 258
Payments made to the department	(52 631 969)	(41 683 258)
	-	-
26. Rental income		
Operating lease rentals		
Housing Rentals	4 230 934	4 635 228
Other rental revenue	2 248 391	5 989 977
	6 479 325	10 625 205



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27. Operational revenue		
Incidental Cash surpluses	1 130	3 754
Discounts and early settlements	62 390	-
Breakages and losses recovered	10 625	13 963
Administrative handling fees	5 385 993	4 720 261
Insurance refund	1 131 829	304 420
Merchandising jobbing and contracts	35 008	14 295
Municipal information and statistics	5 463	9 533
Staff Recoveries	143 313	99 038
Request for information	152	30
	6 775 903	5 165 294
28. Finance income		
Bank	9 357 596	12 229 927
Outstanding debtors	6 822 761	6 444 322
	16 180 357	18 674 249
29. Property rates		
Rates received		
Residential	74 278 791	69 430 128
Commercial	40 170 747	37 656 991
State	16 160 851	14 703 588
Small holdings and farms	15 111 986	14 221 297
Other	1 016 562	916 152
Industrial	9 237 569	8 178 626
	155 976 506	145 106 782
Valuations		
	R'000	R'000
Land	6 360 492	6 309 896
Improvements	18 293 403	18 184 734
	24 653 895	24 494 630

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, subdivision and categories.

Rates are levied on an annual and monthly basis with the annual date for payment being 30 September. Interest at prime plus one per annum and a collection fee, is levied on rates outstanding two months after due date. 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 0.9302 c/R (2020:0.8775 c/R) and for industrial and commercial sites at 1.8603 c/R (2020: 1.7550c/R).



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30. Government grants and subsidies		
Operating grants		
Equitable share	145 330 000	117 997 000
Financial management grant	1 550 000	1 550 000
Municipal disaster management grant	-	138 000
Other grants and donations	3 076 000	3 215 000
Provincial government	18 051 239	17 175 300
	168 007 239	140 075 300
Capital grants		
Capital grants	53 382 663	147 061 761
Total Government grants & subsidies	221 389 902	287 137 061
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	145 330 000	117 997 000
Conditions met- transferred to revenue	(145 330 000)	(117 997 000)
	-	-
Financial Management Grant		
Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue	(1 550 000)	(1 550 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
EPWP		
Current-year receipts	3 076 000	3 215 000
Conditions met - transferred to revenue	(3 076 000)	(3 215 000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
Housing projects		
Balance unspent at beginning of year	3 804 824	6 930 107
Current-year receipts	-	314 000
Conditions met - transferred to revenue	(1 230 217)	-
Other	(24 464)	(3 439 283)
	2 550 143	3 804 824

Conditions still to be met - remain liabilities (see note 18).



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30. Government grants and subsidies (continued)

LGWSETA Staff Development Grant

Balance unspent at beginning of year	-	-
Current-year receipts	456 944	631 121
Conditions met - transferred to revenue	(456 944)	(631 121)
Other	-	-
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note 18).

Provincial government

Balance unspent at beginning of year	1 083 112	1 360 000
Current-year receipts	13 370 714	13 555 220
Conditions met - transferred to revenue	(15 864 078)	(14 456 123)
Other	1 917 706	624 015
	<u>507 454</u>	<u>1 083 112</u>

Conditions still to be met - remain liabilities (see note 18).

Cape Winelands

Balance unspent at beginning of year	100 000	-
Current-year receipts	1 020 000	2 100 000
Conditions met - transferred to revenue	(500 000)	(2 000 000)
Refunded	(100 000)	-
	<u>520 000</u>	<u>100 000</u>

Conditions still to be met - remain liabilities (see note 18).

Provide explanations of conditions still to be met and other relevant information.

Capital Grants

Balance unspent at beginning of year	14 751 308	9 943 724
Current-year receipts	52 923 826	154 728 670
Conditions met - transferred to revenue	(53 382 663)	(147 061 761)
Other	(13 674 455)	(2 859 325)
	<u>618 016</u>	<u>14 751 308</u>

Conditions still to be met - remain liabilities (see note 18).

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



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31. Fines, penalties and forfeits		
Damaged meters	271 729	166 316
Library	3 115	30 529
Traffic fines	30 028 922	50 165 085
Retentions	-	672 233
	30 303 766	51 034 163
32. Employee related costs		
Basic	194 507 939	178 513 428
Group life insurance	2 383 646	1 668 303
Bonus	15 741 425	14 369 458
Medical aid contributions	26 578 754	24 886 883
Unemployment Insurance Fund	1 643 541	1 592 129
Service Related Benefits	30 619 345	26 306 212
Travel and car allowances	9 243 715	9 086 876
Overtime payments	21 115 503	21 610 453
Acting allowances	2 044 155	1 874 612
Housing benefits and allowances	2 214 195	2 044 410
Other Allowances	9 564 401	9 616 197
Contribution to employee benefits	34 662 342	31 995 506
	350 318 961	323 564 467
Municipal Manager: D Mc Thomas		
Annual Remuneration	1 540 628	1 546 896
Car Allowance	95 000	95 000
Performance Bonuses	237 800	237 800
Contributions to UIF, Medical and Pension Funds	51 735	48 831
Group life insurance	12 994	9 631
	1 938 157	1 938 158
Chief Financial Officer: R Ontong		
Annual Remuneration	1 046 031	1 049 110
Car Allowance	158 880	158 880
Performance Bonuses	199 844	194 401
Contributions to UIF, Medical and Pension Funds	210 991	211 351
Group life insurance	13 332	9 902
	1 629 078	1 623 644



BREED VALLEY MUNICIPALITY

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Figures in Rand	2021	2020
32. Employee related costs (continued)		
Director - Technical Services: J Steyn		
Annual Remuneration	1 187 459	1 187 459
Car Allowance	240 000	240 000
Performance Bonuses	199 844	194 401
Contributions to UIF, Medical and Pension Funds	1 785	1 785
	1 629 088	1 623 645
Director - Strategic Support Service: R Esau		
Annual Remuneration	987 248	988 577
Car Allowance	205 972	206 880
Performance Bonuses	199 844	194 401
Contributions to UIF, Medical and Pension Funds	236 024	233 787
Group life insurance	12 587	9 342
	1 641 675	1 632 987
Community Service Director: S. Swartz		
Annual Remuneration	981 415	901 150
Car Allowance	192 000	192 000
Performance Bonuses	173 778	126 783
Contributions to UIF, Medical and Pension Funds	181 677	143 057
Group life insurance	12 089	6 846
	-	-
	1 540 959	1 369 836

Employee costs as percentage of total expenditure for 2021 is 35.45% (2020:34.52 %). The industry norm is between 30-35%. This figure excludes the remuneration of councillors, as disclosed in note 33 to the Financial Statements. The remuneration of the employees is within the upper limits of the SALGA Bargaining Council determinations.

33. Remuneration of councillors

Executive mayor	805 252	805 252
Deputy Executive Mayor	570 539	642 486
Chief whip	558 924	562 568
Speaker	645 486	645 486
Mayoral committee members	4 966 418	4 950 902
Councillors	9 031 774	8 944 136
Councillors pension contribution	1 531 887	1 563 234
Councillors medical aid contribution	311 003	298 700
	18 421 283	18 412 764



BREDE VALLEY MUNICIPALITY

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33. Remuneration of councillors (continued)

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.

Election of new Deputy Executive Mayor:

The Deputy Executive Mayor, Councillor John Daniël Levendal elected from a party list ceased to be a Councillor of Breede Valley Municipality when he unfortunately died on 16 September 2020. This created a vacancy in council. The municipal manager in compliance with Item 18(1)(b), Schedule 1 of the Municipal Structures Act 117 of 1998, declared the vacancy on 18 September 2020 and duly informed the chief electoral officer.

Councillor Eileen Sheldon was elected as the new Deputy Executive Mayor during a council meeting held on 27 October 2020.

Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
A Steyn	664 991	140 261	132 998	938 250
Deputy Executive Mayor				
JD Levendal	146 239	14 382	29 248	189 869
EY Sheldon	377 147	32 771	86 869	496 787
	523 386	47 153	116 117	686 656
Speaker				
NP Mecuur	569 958	75 529	113 991	759 478
Chief Whip				
Goedeman	483 122	75 801	155 863	714 786
Mayco Members				
R Farao	528 743	80 296	105 749	714 788
JP Kritzinger	552 743	51 496	110 549	714 788
SJ Mei	557 136	80 028	77 623	714 787
WR Meiring	553 440	50 659	110 688	714 787
M Sampson	489 208	104 081	121 499	714 788
EY Sheldon	188 574	16 386	43 434	248 394
JF Van Zyl	543 000	63 187	108 600	714 787
JJ Von Willingh	541 573	115 316	57 898	714 787
ESJ Matjan	420 952	29 600	31 180	481 732
	4 375 369	591 049	767 220	5 733 638
Councillors				
MN Bushwana	220 928	89 772	16 570	327 270
EN Isaacs	243 052	65 989	18 229	327 270
C Ismail	237 498	89 772	-	327 270
JR Jack	262 880	64 390	-	327 270
J Jafta	263 135	44 400	19 735	327 270
P Langata	263 135	44 400	19 735	327 270
ZM Mangali	263 135	44 400	19 735	327 270
T Maridi	263 135	44 400	19 735	327 270
ESC Matjan	87 712	14 800	6 578	109 090
SM Mkhawane	263 135	44 400	19 735	327 270
VI Mngcele	250 587	44 400	32 184	327 171
CM Mohobo	263 135	44 400	19 735	327 270
N Nel	308 716	81 421	17 280	407 417
A Pietersen	253 852	54 379	19 039	327 270
PC Ramokhabi	250 826	44 400	32 044	327 270



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Notes to the Annual Financial Statements

Figures in Rand			2021	2020
33. Remuneration of councillors (continued)				
J Robinson	274 647	44 400	8 223	327 270
IL Tshabile	242 452	66 634	18 184	327 270
P Tyira	237 498	89 772	-	327 270
E van der Westhuizen	234 693	51 318	41 259	327 270
W Vrolick	264 780	44 400	18 090	327 270
TM Wehr	237 498	89 772	-	327 270
NP Williams	235 841	56 461	34 968	327 270
MT Williams	232 531	44 400	50 339	327 270
CF Wilskut	263 135	44 400	19 735	327 270
NJ Wullschleger	263 135	44 400	19 735	327 270
MR Jacobs (Solomons)	276 441	44 400	6 429	327 270
LG Willemse	257 155	44 400	25 715	327 270
TP McThomas	263 135	44 400	19 735	327 270
KDG Benjamin	263 135	44 400	19 735	327 270
F Vaughan	189 570	31 987	14 218	235 775
	7 430 507	1 601 267	556 699	9 588 473
34. Debt impairment				
Impairments				
Receivables from exchange transactions			36 400 562	37 451 114
Receivables from non-exchange transactions			40 729 338	53 057 531
			77 129 900	90 508 645
35. Depreciation and amortisation				
Property, plant and equipment			88 457 434	87 237 837
Amortisation: Intangible assets			91 383	250 881
Impairment			-	-
			88 548 817	87 488 718
36. Bulk purchases				
Electricity - Eskom			328 878 664	312 387 843
Water			8 645 719	6 454 063
			337 524 383	318 841 906
37. Finance costs				
External borrowings			22 350 843	23 642 881
38. Contracted services				
Consultants and Professional Services				
Accounting and Auditing			3 301 711	3 942 802
Audit Committee			68 700	99 857
Human Resources			57 624	116 891
Legal Advice and Litigation			2 196 578	1 361 229
Medical Examinations			28 251	27 277
Research and advisory			526 112	646 640
Infrastructure and planning			11 550	114 358
			6 190 526	6 309 054

BREDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
38. Contracted services (continued)		
Outsourced Services		
Administrative and Support Staff	213 986	172 211
Alien Vegetation Control	1 672 793	150 300
Animal Care	-	-
Burial Services	807 050	339 209
Business and Advisory	261 168	259 800
Commissions and Committees	-	-
Call Centre	30 800	42 000
Catering Services	36 860	145 807
Clearing and Grass Cutting Services	494 959	387 105
Cleaning Services	-	5 103
Drivers Licence Cards	667 155	549 952
Litter Picking and Street Cleaning	1 475 231	980 060
Hygiene Services	256 368	211 799
Meter Management	1 021 511	1 220 783
Personnel and Labour	12 865 111	14 660 321
Refuse Removal	1 460 943	1 213 896
Sewerage Services	3 123 897	1 784 965
Security Services	18 984	192 159
Translators Scribes and Editors	72 601	51 780
Traffic Fines Management	-	-
Veterinary Services	-	588
Valuer	1 032 251	848 485
Transport Services	58 050	106 700
	25 569 718	23 323 023
Contractors		
Catering Services	-	1 980
Electrical Services	5 618 450	3 162 030
Employee Wellness	-	11 250
Event Promoters	321 740	1 965 650
Gardening Services	91 444	55 850
Graphic Designers	-	50 640
Maintenance of Buildings and Facilities	2 895 474	2 352 976
Maintenance of Equipment	6 254 536	5 236 406
Maintenance of Unspecified Assets	10 650 263	10 217 105
Medical Services	60 891	57 531
Municipal services	-	-
Pest Control and Fumigation	12 000	-
Plants Flowers and Other Decorations	2 930	5 176
Prepaid Electricity Vendors	3 027 850	2 888 968
Tracing Agents and Debt Collectors	88 654	221 797
Transportation	-	5 893
Safeguard and Security	12 377 326	8 535 294
Mint of decorations	4 565	-
	41 406 123	34 768 546
	73 166 367	64 400 623



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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
39. Grants and subsidies paid		
Other subsidies		
Grants in aid	4 452 402	5 163 293
40. Operational cost		
Achievements and Awards	337 839	1 366 905
Advertising, Publicity and Marketing	426 407	634 640
Assets less than the Capitalisation Threshold	74 586	106 232
Drivers Licences and Permits	13 175	8 583
Bank Charges	1 564 725	1 067 337
Bargaining Council	118 293	109 816
Cleaning services	38 466	91 456
Communication - Postage/Stamps	1 464 874	753 790
Communication - Telephone and fax	1 944 993	2 550 098
Courier and Delivery Services	478	3 148
Entertainment	7 665	41 356
External Audit Fees	3 306 736	3 490 134
External Computer Service	9 549 777	6 853 398
Resettlement Cost	-	34 460
Full Time Union Representative	152 205	242 378
Hire Charges	4 098 946	3 610 469
Insurance (Premiums)	4 407 432	3 836 482
Insurance (excess payments)	170 890	226 464
Learnerships and Internships	2 700 131	1 978 192
Licences (Radio and Television)	7 243	19 855
Motor Vehicle Licence and Registrations	986 821	751 805
Storage and archiving	5 648	-
Municipal Services	1 810 939	1 644 332
Printing Publications and Books	56 874	73 190
Professional Bodies Membership and Subscription	3 732 568	3 544 008
Provisions for rehabilitation of landfill sites	4 143 186	8 931 171
Registration fees	29 975	181 923
Remuneration to Ward Committees	1 109 300	1 104 000
Protective clothing	1 618 580	1 326 512
Rewards Incentives	-	1 600
Skills Development Fund Levy	2 683 890	2 698 123
Travel and Subsistence	54 924	449 300
Water Resource Management Charges	760	1 478 729
Workmen's Compensation Fund	1 642 442	1 571 716
Bursaries	1 441 928	749 029
System Access and Information Fees	45 297	32 779
Communication - SMS Bulk Message Service	216 450	79 950
Signage	-	1 681
	49 964 443	51 645 041
41. Agency fees paid		
Prepaid electricity - third party vendor	7 636 140	7 190 586
Easypay	496 016	354 912
	8 132 156	7 545 498



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Figures in Rand	2021	2020
42. Fair value adjustments		
Fair value adjustment on investment property	16 456 814	2 278 099
Other financial assets		
• Discounting of long term receivables: Movement for the year	360 118	(228 730)
	<u>16 816 932</u>	<u>2 049 369</u>
43. Service related benefits		
Performance Bonus	1 037 177	1 011 111
Post retirement medical aid benefit	21 469 000	(683 000)
Long service awards	4 496 570	1 398 636
Provision for leave payments	6 404 764	7 253 525
Provision for 13th cheques	(114 222)	340 842
Actuarial gain/(loss)	(2 673 944)	16 985 099
	<u>30 619 345</u>	<u>26 306 213</u>
44. Cash generated from operations		
Surplus	52 784 162	148 081 573
Adjustments for:		
Depreciation, amortisation and impairment	88 548 817	87 488 922
Loss/ (Profit) on sale of assets and liabilities	(3 994 229)	(4 908)
Loss/(Profit) on disposal of investment property	60 500	-
Carrying value of PPE - derecognised	3 572 530	413 992
Fair value adjustments	(16 816 932)	(2 049 368)
Operating lease straight lining	(41 524)	-
Finance income	(994 550)	(198 942)
Finance costs	(324 691)	(352 989)
Debt impairment	77 569 250	90 508 645
Actuarial gain/loss	2 673 944	(16 985 099)
Movements in retirement benefit assets and liabilities	35 256 319	32 554 971
Movements in provisions	(131 183)	-
Rehabilitation	4 274 369	8 931 173
Inventory losses	(99 382)	(70 994)
Donated assets	(799 540)	(185 000)
Other non-cash items	4 973 737	8 968 679
Changes in working capital:		
Inventories	2 659 255	(3 231 790)
Receivables from exchange transactions	(33 175 738)	(40 845 792)
Receivables from non-exchange transactions	(33 235 951)	(50 335 864)
Short term investments	-	-
Other receivables from non exchange	(1 745)	(2 693 908)
Payables from exchange transactions	2 358 476	(1 027 479)
Unspent conditional grants and receipts	(15 543 631)	1 505 413
(Decrease) / Increase in Housing advances	(2 039 797)	9 816 942
Employee benefit obligation	(9 717 230)	(10 644 595)
	<u>157 815 236</u>	<u>259 643 582</u>



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Figures in Rand	2021	2020
45. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	15 755 602	7 236 658
• Community	-	924 857
	15 755 602	8 161 515
Total capital commitments		
Already contracted for but not provided for	15 755 602	8 161 515
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	-	-
Government grant	507 636	8 161 515
Capital replacement reserve	15 247 966	-
	15 755 602	8 161 515
46. Contingent liabilities		
Guarantees		
Guarantee Eskom (Nedbank)	63 400	63 400
Guarantee South Africa Post Office Limited (Nedbank)	180 000	120 000
	243 400	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 paid out but might realise due to past experiences.	6 544 459	7 369 857
Claims for damages- it is the view of management that it is unlikely that these claims will be paid out but might realise due to past experiences.	392 439	206 276
Ngadlela / BVM - brought a review application in the Cape High Court for an order against certain decisions taken by BVM i.r.o the valuation of the above property.	16 767	16 767
Salman / BVM - permanent disability claim dispute,	-	132 000
Cartrack / BVM - The plaintiff is claiming the amount for fleet services rendered to the municipality,	433 876	-
	40 071 492	40 408 851



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47. 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	19 890	16 900
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	160 170	206 190
3. 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	24 670	27 000
4. T.S Bushwana Taxis - Thamsanqa Bushwana (Father of Letitia Bushwana) Letitia Bushwana is a Clerk at the credit control section within the Breede Valley Municipality	-	16 200
5. 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	45 522	81 700
6. Saadia Neethling Catering Services - Saadia Neethling (Sister to Yusuf Esau) Yusuf Esau is employed by the Breede Valley Municipality as a carpenter	-	14 775
7. April Boukontrakteur - Megan Wehr (sister to Allen Swarts) Allen Swarts is employed by the Breede Valley Municipality as a plumber	-	233 609
8. Hexvallei Sekuriteit - Marius Pheiffer (spouse of Marinda Pheiffer) Marinda Pheiffer is a senior clerk (income) at the Breede Valley Municipality	19 470	15 547
9. Deon Xolile Tshaluza T/A Deon - Pat Marran who is a councillor at BVM is an uncle.	-	3 000
10. African Traders - Nephew Benjamin Van Royeen works for BVM.	-	15 298
11. BDK Technologies (PTY) LTD - father Matheus Boonzaaier used to work for BVM as senior manager SCM	-	4 620
12. Astra Catering - Husband Deon C. Human works for BVM as a storeman at Parks department	-	17 505
13. Alsu Ondernemings BK - Brother Johannes Hendrik Viljoen works for BVM as an Assistant Engineer.	-	749 462
14. Harry's Uphostery - Betronice April who is a daughter works for the traffic department as a Traffic Officer.	6 210	47 530
15. Nuop Pty Ltd - Aubryan Danielle Opperman who is a spouse works for BVM as a general assistant.	363 686	221 675
16. CJ Nasson Maintenance - Jeswill Donavon Nasson who is a son works for BVM as a general assistant	207 005	98 900
17. Worcester breakdown and recovery - Adeeb Ismael works for BVM as a fireman.	323 611	-
18. Lynette Minaar Psychologist - Melissa Laura Kafaar who is a daughter works for BVM as a superintendent solid waste	650	-
	1 170 884	1 769 911

Awards and payments to persons with relatives in the service of other Municipalities:

19. Kernanzi (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	170 025	550 938
20. Excellence Bodyworks - Ndudumo Elliot Fonk (Father of N.P. Memani) N .P. Memani is employed at Bitou Municipality	1 900	-
21. Vuyani Electrical - Marvin Argulas who is a son is employed at the City of Cape Town as a electrician	141 532	-



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Figures in Rand	2021	2020
47. Related parties (continued)		
22. Engineering Advice - Shaun Westerberg who is a brother is employed at Mosselbaai Municipality	46 023	-
	359 480	550 938
Awards and payments to persons with relatives in other State Departments		
23. Faibridges Wertheim Becker - Adela Petersen (Sister to Shaheed Hoofmeester) Shaheed Hoofmeester is employed by the Department of Education	411 349	524 479
24. Masiqhame Trading 77cc - Sandile Gxilishe (father of Simpiwe Gxilishe) Simpiwe Gxilishe is an Educator at the WCED	9 544	51 780
25. Sannicare cc - Izak Majiet (father of Charlton Majiet) Charlton Majiet is employed by the Department of Transport as a supervisor (Test Stations),	1 014 478	810 091
26. W L A CIVILS (PTY) LTD - Maxwell Amos Kekam who is an uncle/Nephew works for SAPS as an Administration Clerk	-	3 800
27. Total Client Services Limited - Nomagcisa Racheal Tsipa Sipoyo is the wife of the CEO and is working for Western Cape Department of Public Works as a Manager Logistics	283 763	310 500
28. Nareng Trading (PTY) LTD - Mardeleen Lebaea who is a spouse of the director works for Dept. of Correctional Services as a security	-	15 000
29. Tau Le Sechaba (PTY) LTD - Mzuvukile Ningi who is a brother in law of the director is a retired magistrate,	-	7 500
30. IThuba Industries - Wendy De Money is a spouse of the director and works for the Dept. of Education as a teacher.	-	59 311
31. Jones and Tyawana Traders - Cousin Phunyezwa Sineli works for Dept. of Correctional Services as a Correctional Officer.	-	25 500
32. Hippo Wassery II - Husband Andrei Abrahams works for SAPS Worcester as a Captain.	-	81 067
33. XKK Corporation (PTY) LTD - Sister Noxolo Charmaine Magwevana works for the Dept. of Correctional Services as a Correctional Service Officer.	95 460	165 853
34. Animal Welfare Society Worcester - Eugene Du Plessis works for the department of Agriculture as a Chief Animal Technician.	-	796 962
35. Canopy Country BK - Mother Madelanie Fourie works for Western Cape Department of Health as an Admin Officer.	1 702	194 120
36. Z Marais T/A Fancy Affairs - Spouse Clarke Marais works for SAPS as an admin clerk	1 890	10 500
37. ADK General Services - Spouse Dunheel Khanje works at SAPS Paarl	33 997	-
38. Elton Shortles Prokureurs - Spouse Anthea Shortles is a lecturer at CPUT	74 635	-
	1 926 818	3 056 463

The total related party payments for the year amounts to R 3 457 182 (2020: R 5 377 312)



BREEDE VALLEY MUNICIPALITY

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48. Unauthorised and fruitless and wasteful expenditure

No fruitless and wasteful expenditure was incurred during the financial year ended 30 June 2021.

49. Unauthorised expenditure

No unauthorised expenditure was incurred during the financial year ended 30 June 2021.

50. Irregular expenditure

No irregular expenditure was incurred during the financial year ended 30 June 2021.

51. 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 R17 698 410 (2020: R10 104 447) 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 as well as exceptional and impractical cases. The rate based deviations are not included in the balance below as the exact amount cannot be determined upfront however the rate based deviations are kept at anticipated cost and available budget. In the individual deviations the anticipated cost and budget will be detailed. The rate based deviations are detailed in Appendix J.

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

Deviations for year

Emergencies	1 070 461	2 250 551
Sole provider	4 967 501	240 588
Impractical or impossible to follow the SCM process	11 660 448	7 613 308
	<u>17 698 410</u>	<u>10 104 447</u>



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Figures in Rand	2021	2020
52. Material losses		
Water distribution losses		
Units supplied	14 206 458	15 309 474
Units sold	(10 757 799)	(10 544 650)
	3 448 659	4 764 824
Electricity distribution losses		
Units bought	283 637 188	290 563 916
Units sold	(263 636 881)	(274 831 292)
	20 000 307	15 732 624
Percentage loss in distribution		
Water distribution losses	24,28%	31,12%
Electricity distribution losses	7,05%	5,41%

53. 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 2021 and therefore the depreciation charge was applied prospectively from 1 July 2020 over the remaining useful life of these assets.

	2020	2021	2022
Decrease/(Increase) in depreciation on other assets for the year	719 734	264 806	(103 182)
Decrease/(Increase) in depreciation on infrastructure for the year	688 586	(61 025)	(156 024)
Decrease/(Increase) in depreciation on buildings for the year	8 350	8 170	386
Decrease/(Increase) in depreciation on intangibles for the year	32 169	(4 021)	(4 021)
	1 448 839	207 930	(262 841)



BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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53. Change in estimate (continued)

The effect on the current year is to increase the carrying amount of property, plant and equipment by R1 448 839 and decrease the depreciation expense by R 1 448 839.

Property, plant and equipment -Review of Landfill Site available Airspace

During the year experts were appointed to evaluate the available airspace remaining on the landfill sites being used by the municipality to store solid waste. The review of the airspace resulted in a increase of the estimated number of years for the Worcester landfill site from 0 to 6.67 years. The increase in the remaining number of years resulted in an decrease of depreciation of R 528 264 (2020:R2 442 994).

The effect on the current year is an increase in the carrying amount of property, plant and equipment by R1 914 736 and decrease the depreciation expense by R 1 914 736.

Statutory receivables - Traffic fines reductions

During the current financial year the municipality received representations from drivers who has been fined for various road traffic law infringements. After consideration of the representations a decision was made to reduce some of the fines with an amount of R 439 350.

The effect on the current year is a decrease in Fines, Penalties and Forfeits income by R439 350 and a decrease in Debt Impairment expenditure by R439 350.



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54. 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: Change in estimate on zero value assets resulted in a decrease in the depreciation and an increase in the book value of Property Plant and Equipment of R67 868.

Error 2: Interest of R 492 878 on current account not recognised in prior year.

Error 3: A vehicle with a book value of R15 436 which was not disposed in the prior year.

Error 4: The minimum lease payments due within the Operating lease asset note has been restated from R1 756 536 to R1 805 342.

Error 5: The line items of the employee related cost note have been restated due to mapping errors. These reclassifications caused the amount of the line items within the note to change however, it did not have an impact on the closing balance of the employee related cost note. These restatements were as follows:

- Basic has been restated from R180 316 133 to R178 513 428.
- Group life has been restated from R1 658 672 to R1 668 303.
- Medical aid contributions has been restated from R24 881 607 to R24 886 883.
- Travel and car allowance has been restated from R 9 038 813 to R9 086 876.
- Overtime payments have been restated from R18 376 330 to R21 610 453.
- Acting allowances has been restated from R2 625 350 to R1 874 612.
- Other allowance has been restated from R10 359 848 to R9 616 197.

Error 6: The Cashflow statement of the prior year has been restated due to the following errors

- Accrued interest of R198 942 has been incorrectly included in finance Income and investments.
- Accrued interest of R352 989 has been incorrectly included in finance cost and repayment of loans.
- PPE additions of R47 469 has been incorrectly disclosed as Investment property additions.

Error 7: Availability Charges of R5 749 666 has been incorrectly classified as Revenue from Exchange Transactions: Service Charges instead of being classified as Revenue from Non Exchange. Availability Charges of R1 284 792 has been incorrectly classified as Receivables from exchange transactions instead of being classified as Receivables from non exchange transactions.

Reclassifications:

Vat receivable of R1 162 704 has been reclassified as Statutory Receivable

Statement of financial performance Revenue	Balance as previously reported	Prior period error	Reclassified	Total
Service Charges	622 044 480	(5 749 666)	-	616 294 814
Sales of goods and rendering of services	3 992 775	-	-	3 992 775
Income from agency services	7 770 194	-	-	7 770 194
Licenses	2 210 624	-	-	2 210 624
Construction contracts	1 774 312	-	-	1 774 312
Rental income	10 625 205	-	-	10 625 205
Operational revenue	5 165 294	-	-	5 165 294
Finance Income	18 181 371	492 878	-	18 674 249
Property rates	145 106 782	-	-	145 106 782
Availability charges	-	5 749 666	-	5 749 666
Property rates - penalties imposed and collection	1 689 082	-	-	1 689 082
Government grants and subsidies	287 137 061	-	-	287 137 061
Fines, penalties and forfeits	51 034 163	-	-	51 034 163
	1 156 731 343	492 878	-	1 157 224 221



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Expenses	Balance as previously reported	Prior period error	Reclassified	Total
Employee related cost	(323 564 467)	-	-	(323 564 467)
Remuneration of councillors	(18 412 764)	-	-	(18 412 764)
Depreciation, amortisation and impairment	(87 503 765)	14 843	-	(87 488 922)
Bulk purchases	(318 841 906)	-	-	(318 841 906)
Finance cost	(23 642 881)	-	-	(23 642 881)
Contracted services	(64 400 623)	-	-	(64 400 623)
Grants and subsidies paid	(5 163 293)	-	-	(5 163 293)
Inventory consumed	(26 974 576)	-	-	(26 974 576)
Operating leases	(7 876 097)	-	-	(7 876 097)
Operational cost	(51 645 041)	-	-	(51 645 041)
Agency fees paid	(7 545 498)	-	-	(7 545 498)
Construction expenditure	(1 774 312)	-	-	(1 774 312)
	(937 345 223)	14 843	-	(937 330 380)
Operating (deficit)/surplus	- 219 386 119	507 722	-	219 893 841
Gains on disposal of assets	- (393 648)	(15 436)	-	(409 084)
Fair value adjustment	- 2 049 369	-	-	2 049 369
Actuarial gains	- 16 985 099	-	-	16 985 099
Debt impairment	- (90 508 645)	-	-	(90 508 645)
Inventory gains(losses)	- 70 994	-	-	70 994
	- -	-	-	-
Surplus for the year	- 147 589 288	492 286	-	148 081 574
Statement of financial position Current assets				
Inventory	10 431 542	-	-	10 431 542
Vat receivable	1 162 704	-	(1 162 704)	-
Receivables from exchange transactions	99 050 922	(1 284 792)	-	97 766 130
Other receivables from non exchange	623 328	1 284 792	-	1 908 120
Statutory receivables	30 923 350	-	1 162 704	32 086 054
Other receivables from exchange transactions	7 018 958	492 878	-	7 511 836
Short term investments	15 419 904	-	-	15 419 904
Long term receivables	1 967 548	-	-	1 967 548
Cash and Cash Equivalents	146 719 509	-	-	146 719 509
Operating lease asset	377 503	-	-	377 503
	313 695 268	492 878	-	314 188 146
Non-current assets				
Investment property	47 144 500	-	-	47 144 500
Property, plant and equipment	2 319 591 887	52 433	-	2 319 644 320
Intangible assets	4 181 530	-	-	4 181 530
Heritage assets	36 631 059	-	-	36 631 059
Long term receivables	3 313 512	-	-	3 313 512
	2 410 862 488	52 433	-	2 410 914 921



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Current liabilities				
	Balance as previously reported	Prior period error		
		Reclassified		
		Total		
Payables from exchange transactions	100 109 688	-	-	100 109 688
Consumer deposits	4 231 352	-	-	4 231 352
Unspent conditional grants and receipts	19 739 244	-	-	19 739 244
Housing advances	2 039 797	-	-	2 039 797
Long term liabilities	17 433 217	-	-	17 433 217
Employee benefit obligation	43 960 275	-	-	43 960 275
Provisions	3 206 387	-	-	3 206 387
	190 719 960	-	-	190 719 960
Non-current liabilities				Total
Long term liabilities	192 179 568	-	-	192 179 568
Employee benefit obligation	151 408 176	-	-	151 408 176
Provision	104 392 979	-	-	104 392 979
	447 980 723	-	-	447 980 723
Nett Assets				Total
Accumulated surplus	2 085 857 073	545 310	-	2 086 402 383
Rounding difference	5	-	-	5
	2 085 857 078	545 310	-	2 086 402 388
Nett Asset Restatement				Total
Accumulated surplus previously reported	2 085 857 074	-	-	2 085 857 074
Change in estimate - PPE (2018/19)	67 868	-	-	67 868
Finance Income	492 878	-	-	492 878
Disposal of vehicle	(15 436)	-	-	(15 436)
Rounding difference	4	-	-	4
	2 086 402 388	-	-	2 086 402 388
Balance 1 July 2019 (previously reported)	1 929 299 106	-	-	1 929 299 106
Change in estimate -PPE	-	53 025	-	53 025
Restated Balance 01 July 2019	1 929 299 106	53 025	-	1 929 352 131
Restated Balance 1 July 2019	1 929 352 131	-	-	1 929 352 131
Changes in net assets	8 968 679	-	-	8 968 679
Surplus previously reported	147 589 288	492 290	-	148 081 578
Change in estimate - PPE	-	14 843	-	-
Finance income	-	492 878	-	-
Disposal of Vehicle	-	(15 436)	-	-
Rounding difference	-	5	-	-
Restated Balance 01 July 2020	2 085 910 098	492 290	-	2 086 402 388

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



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Cash Flow Statement				
	Balance as previously reported	Prior period error	Reclassified	Total
Cash flows from services and rate payers	765 971 426	534 601	-	766 506 027
Cash flows from government and other grants	288 457 474	-	-	288 457 474
Finance income:investing activities	18 181 371	293 936	-	18 475 307
	1 072 610 271	828 537	-	1 073 438 808
Payments				Total
Cash paid to employees	(320 103 348)	36 492	-	(320 066 856)
Cash paid to suppliers	(463 966 699)	(602 508)	-	(464 569 207)
Finance costs	(23 642 881)	(352 989)	-	(23 995 870)
Grants paid	(5 163 293)	-	-	(5 163 293)
	(812 876 221)	(919 005)	-	(813 795 226)
Cash flows from investing activities				Total
Purchase of property, plant and equipment	(194 944 017)	(351 905)	-	(195 295 922)
Proceeds from sale of property, plant and equipment	(346 894)	(62 189)	-	(409 083)
Purchase of other intangible assets	(100)	100	-	-
Long term receivables	(1 824 053)	-	-	(1 824 053)
Increase/ decrease in investment	(198 942)	198 942	-	-
Investment property additions	47 469	(47 469)	-	-
	(197 266 537)	(262 521)	-	(197 529 058)
Cash flows from financing activities				Total
Repayment of long term liabilities	(10 762 857)	352 989	-	(10 409 868)
Movement in consumer deposits	148 013	-	-	148 013
	(10 614 844)	352 989	-	(10 261 855)
Net increase/(decrease) in cash and cash equivalents	51 852 669	-	-	51 852 669
Cash and cash equivalents at the beginning of the year	94 866 840	-	-	94 866 840
	146 719 509	-	-	146 719 509

55. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Cash and cash equivalents	89 347 744	89 347 744
Receivables from exchange transactions	92 483 529	92 483 529
Other receivables from non- exchange transactions	4 809 859	4 809 859
Other receivables from exchange transactions	1 998 399	1 998 399
Long term receivables	4 498 051	4 498 051
Short term investments	101 414 454	101 414 454
	294 552 036	294 552 036

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55. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Long term Liabilities	197 586 526	197 586 526
Consumer deposits	4 366 711	4 366 711
Payables from exchange transactions	92 074 000	92 074 000
Unspent conditional grants	4 195 613	4 195 613
	298 222 850	298 222 850

2020

Financial assets

	At amortised cost	Total
Cash and cash equivalents	146 719 509	146 719 509
Receivables from exchange transactions	97 766 130	97 766 130
Other receivables from non- exchange transactions	1 908 121	1 908 121
Other receivables from exchange transactions	2 669 035	2 669 035
Long term receivables	5 281 060	5 281 060
Short term investments	15 419 904	15 419 904
	269 763 759	269 763 759



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55. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Long term Liabilities	209 612 785	209 612 785
Consumer deposits	4 231 352	4 231 352
Payables from exchange transactions	89 823 468	89 823 468
Unspent conditional grants	19 739 244	19 739 244
Housing advances	2 039 797	2 039 797
	325 446 646	325 446 646

56. 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 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	92 073 999	-	-	-
Consumer deposits	4 366 711	-	-	-
Long term liabilities	18 447 673	14 535 651	54 357 173	110 246 029
Unspent conditional grants	4 195 613	-	-	-
	119 083 996	14 535 651	54 357 173	110 246 029

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	89 823 466	-	-	-
Consumer deposits	4 231 352	-	-	-
Long term liabilities	17 433 217	13 040 715	48 750 215	130 388 638
Unspent conditional grants	19 739 244	-	-	-
Housing advances	2 039 797	-	-	-
	133 267 076	13 040 715	48 750 215	130 388 638

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.



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56. Risk management (continued)

Receivables arise from 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	92 483 529	97 766 130
Other receivables from non-exchange transactions	4 809 859	1 908 121
Other receivables from exchange transactions	1 998 399	2 669 035
Long term receivables	4 498 051	5 281 060
Short term investments	101 414 454	15 419 904
Cash and cash equivalents	89 347 744	146 719 509
	294 552 036	269 763 758

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 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.

57. In-kind donations and assistance

In-kind donations, in the form of assets, to the value of R799 540 have been received by the Municipality during the 2020/21 financial year.



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58. 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.

The Municipality assessed the going concern assumptions under the current economic climate resulting from the COVID-19 pandemic. Management considered a wide range of factors including the current and expected performance of the municipality, the amendment of government funding and where necessary potential sources of replacement funding.

59. Events after the reporting date

On 1 July 2021 the Raymond Pollet Road was closed due to the damage of the road heading to Zweletemba.

Due to rainstorms in the Breede Valley area the river swelled and this led to extensive scour damage and build-up of siltation and debris in the waterway. The area that requires the most urgent repair is the scoured South-eastern approach embankment and road surface. It was recommended that an approach slab should be installed, the embankment be filled and road surface repaired. Furthermore, it was recommended that the approach embankment protection works be upgraded by installing either stone pitching, rip-rap or gabions. The bridge structure itself is considered to be in fair condition and no structurally significant defects have been observed.

The total cost of the road is R4 466 934 with an accumulated depreciation of R 2 180 793 The carrying amount is R 2 286 141. The estimated cost of the damage is R226 351.

There is no evidence that these damages occurred at the reporting date. Instead these are indicative of conditions that arose after the reporting date being 30 June 2021. It can be concluded that the event is a non-adjusting event as the damage to road occurred on 1 July 2021 after year end.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the entity for future periods

60. COVID-19 Response Expenditure

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. On 23 March 2020 President Cyril Ramaphosa announced a nationwide lockdown to contain the spread of the virus.

Safety measures such as travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

On the 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of Section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

The table below indicates the total COVID-19 expenditure for the period ending 30 June 2021.

Expenditure

Tankering of water	-	139 475
Chemical toilets	-	64 860
Food distribution	75 000	850 000
Screening and testing	25 080	126 270
Sanitising and cleansing	188 073	455 766
Protective Clothing	224 317	1 439 123
General other	37 705	12 616
Communication	-	93 783
	550 175	3 181 893



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Funding Sources		
Own Funding	550 175	33 893
Municipal Disaster Relief Grant	-	298 000
Local Government Support Grant	-	850 000
CWDM Projects	-	2 000 000
	550 175	3 181 893

The table below indicates the funding sources for the period ending 30 June 2021.

61. Segment information

General information

Identification of segments

GRAP 18 Segment Reporting became effective on 1 April 2020 and, in accordance with the transitional provisions for the Standard provided in Directive 3, entities are not required to present comparative segment information on initial adoption of GRAP 18.

The municipality is taking advantage of the transitional provisions by not presenting comparative segment information.

The municipality intends to fully apply the requirements of GRAP 18 by 30 June 2022.

The Accounting Standard for Segment Reporting has been recognised in the Annual Financial Statements of the municipality as at 30 June 2021 in terms of GRAP 18

The municipality has developed Accounting Policies to fully comply with GRAP 18 (Segment Reporting). Previously the Accounting Standard was not applicable to municipalities.

Management has assessed the requirements of GRAP 18 and identified the following shortcomings preventing full disclosure in terms of the Accounting Standard:

The municipality's accounting system has limitations that does not allow for segmental reporting on financial position, net assets and cash flow.

The municipality is broadly organised into business units based on the nature of operations and the services they provide and the accounting system allows for reporting on these units on financial performance and capital assets.

The municipality does not monitor segments geographically.

Based on the above, management has concluded that the municipality will be able to report separate segments subject to the limitations listed above.

Management has evaluated the requirements of the Standard and it was found that no adjustments affecting Financial Position, Financial Performance, Net Assets or Cash Flows need to be made. Accordingly, the segmental information for Capital Assets and Financial Performance of the municipality is disclosed in the Annual Financial Statements. It is not practical to segmentize Financial Position and Cash Flow operations.

No individually material operating segments have been aggregated to form the reportable operating segments

The municipality is organised and reports to management on the basis of six major functional areas, governance and administration, community and public safety, economic and environmental services, energy sources, water management, waste water management and waste management. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.



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61. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment

Governance and administration
Community and public safety
Economic and environmental services
Energy sources
Water management
Waste water management
Waste management

Goods and/or services

Governance and administrative services
Community and public services
Economic and environmental services
Electricity
Water
Sewerage and sanitation
Refuse removal



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61. Segment information (continued)

Segment surplus or deficit

2021

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
Revenue									
Service charges	-	1 790 385	-	431 937 350	93 942 472	76 021 160	42 154 994	-	644 055 976
Sales of goods and rendering of services	499 643	-	1 743 744	640 894	2 268 956	1 581 510	10 416	-	8 535 548
Income from agency services	404 367	-	9 415 961	-	-	-	-	-	9 820 328
Licences and permits	200	294 154	1 723 073	-	-	-	-	-	2 017 427
Rental Income	1 446 706	5 032 619	-	-	-	-	-	-	6 479 325
Operational revenue	5 322 450	24 823	1 353 333	75 297	-	-	-	-	6 775 903
Finance Income	15 503 714	676 643	-	-	-	-	-	-	16 180 357
Property rates	155 976 506	-	-	-	-	-	-	-	155 976 506
Property tax and penalties	1 521 045	-	-	-	-	-	-	-	1 521 045
Government grants & subsidies	40 651 968	31 697 672	36 741 100	24 955 788	23 205 945	42 309 560	21 827 869	-	221 389 902
Fines, penalties and forfeits	-	30 471 387	-	271 729	-	-	-	-	30 743 116
Total segment revenue	221 326 599	69 987 683	50 977 211	457 881 058	119 417 373	119 912 230	63 993 279	-	1 103 495 433
Expenditure									
Bulk purchase	-	-	-	(328 878 664)	(8 645 719)	-	-	-	(337 524 383)
Contracted services	(32 555 172)	(7 338 839)	(6 379 173)	(11 599 419)	(1 567 948)	(6 311 127)	(7 362 673)	(52 016)	(73 166 367)
Depreciation and amortisation	(5 072 232)	(7 504 926)	(25 347 745)	(18 358 502)	(13 627 393)	(14 414 169)	(4 222 763)	(1 087)	(88 548 817)
Employee related cost	(111 435 729)	(102 734 572)	(41 175 928)	(24 126 720)	(28 196 213)	(22 559 706)	(19 977 640)	(112 453)	(350 318 961)
Finance cost	(299 845)	(301 014)	(1 635 304)	(6 549 690)	(2 502 159)	(11 025 732)	(37 099)	-	(22 350 843)
Grants and subsidies paid	(1 489 306)	(2 363 818)	(448 942)	-	-	-	-	(150 336)	(4 452 402)
Inventory Consumed	(9 416 568)	(2 050 578)	(1 813 712)	(4 641 191)	(5 525 190)	(1 716 336)	(988 836)	(13 787)	(26 166 198)
Operating lease	(900 999)	(6 243 692)	(157 470)	(99 061)	-	(23 312)	(1 301 890)	(33 814)	(8 760 238)
Operational cost	(33 703 526)	(5 078 459)	(1 320 175)	(1 334 203)	(1 165 759)	(1 020 224)	(6 200 533)	(141 564)	(49 964 443)
Remuneration of counsellors	-	(18 421 282)	-	-	-	-	-	-	(18 421 282)
Agency fees paid	(496 016)	-	-	-	(7 636 140)	-	-	-	(8 132 156)
Debt impairment	(8 881 266)	(35 930 970)	-	(1 128 566)	(13 846 195)	(11 009 324)	(6 772 929)	-	(77 569 250)

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	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
61. Segment information (continued)									
Total segment expenditure	(204 250 659)	(187 968 150)	(78 278 449)	(396 716 016)	(82 712 716)	(68 079 930)	(46 864 363)	(505 057)	(1 065 375 340)
Total segmental surplus/(deficit)									38 120 093
Gain/(loss) on disposal of assets and liabilities									421 699
Inventories reversal									99 382
Actuarial gains									(2 673 944)
Fair value adjustment									16 816 932
Total surplus (deficit) for the period									52 784 162



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30 November 2021

BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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61. Segment information (continued)

Segmental Analysis of Capital Expenditure

	Original Budget	Total Budget Adjustments	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Total
Revenue								
Executive and Council	5 000	55 000	60 000	36 683	(23 317)	61	734	134 161
Budget and treasury office	1 620 000	5 829 181	7 449 181	5 388 191	(2 060 990)	72	333	18 225 968
Corporate services	-	-	-	-	-	-	-	-
Community and Social Services	100 000	10 589 207	10 689 207	11 252 133	562 926	105	11 252	33 204 830
Sport and Recreation	-	30 731	30 731	9 900	(20 831)	32	-	50 563
Public safety	-	1 774 039	1 774 039	930 411	(843 628)	52	-	3 634 913
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-
Planning and Development	1 900 000	(488 661)	1 411 339	1 222 080	(189 259)	87	64	3 855 650
Road Transport	17 646 365	55 031 815	72 678 180	71 176 157	(1 502 023)	98	403	215 030 995
Trading Services	-	-	-	-	-	-	-	-
Electricity	28 212 260	(1 512 096)	26 700 164	23 780 612	(2 919 552)	89	84	74 261 561
Water	24 984 042	(19 507 979)	5 476 063	4 194 759	(1 281 304)	77	17	13 865 675
Waste Management	25 445 921	(17 710 593)	7 735 328	5 419 624	(2 315 704)	70	21	18 574 667
Waste Water Management	-	1 214 523	1 214 523	1 177 137	(37 386)	97	-	3 568 894
Other	-	-	-	-	-	-	-	-
	99 913 588	35 305 167	135 218 755	124 587 687	(10 631 068)	92	125	384 407 877

Information about geographical areas

Although the municipality operates in a number of geographical wards, it is irrelevant for users of the financial statements as the municipality's geographical areas of operation can be seen as a single geographical area when deciding how to allocate resources



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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61. Segment information (continued)

62. Non living resources

The municipality is the owner of various non living resources. The following dams has been extracted for the municipality:

Dam name	Owner	Date	Volume %	Volume m3	Location (S)	Location (E)
Stettynskloof Dam	BVM	31 October 1986	100	15 000 000	33° 50'11"	19° 15' 7"
Fairy Glen Dam	BVM	17 November 1986	100	516 000	33° 33'32,8"	19° 26'0.20"
Bokrivier Storage Dam	BVM	26 March 1987	100	90 000	33° 20' 51"	19° 45'40"

The following boreholes has been extracted for the municipality:

Town	Owner	Borehole Number	Yield/ Year m3	Location (S)	Location (E)
DeDoorns	BVM	DeDGGBH3	154 176	33° 29,186	19° 40,033
DeDoorns	BVM	DeDGGBH2	157 680	33° 29,202	19° 40,035
DeDoorns	BVM	DeDGGBH1	157 680	33° 29,218	19° 40,027



BREEDE VALLEY MUNICIPALITY

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63. Additional disclosure in terms of Municipal Finance Management Act

Municipal bank accounts

Bank statement balances

Nedbank - Worcester Branch Cheque Account

30 June 2021
91 481 689

30 June 2020
148 605 540

30 June 2019
97 491 252

Cash book balances

30 June 2021
89 334 611

30 June 2020
146 706 375

30 June 2019
94 853 665

Membership fees: SALGA

Current year subscription / fee
Amount paid - current year

3 664 534
(3 664 534)

3 467 911
(3 467 911)

Audit fees

Opening balance
Current year subscription / fee
Amount paid - current year

-
3 306 736
(3 306 736)

-
3 490 134
(3 490 134)

PAYE and UIF

Opening balance
Current year subscription / fee
Amount paid - current year
Amount paid - previous years

3 635 753
51 092 931
(46 865 988)
(3 635 753)

3 623 943
46 833 748
(43 197 995)
(3 623 943)

4 226 943

3 635 753

Pension and medical aid deductions

Opening balance
Current year subscription / fee
Amount paid - current year
Amount paid - previous years

536 866
98 611 926
(98 093 715)
(536 866)

362 295
91 960 536
(91 423 670)
(362 295)

518 211

536 866

VAT

VAT receivable

2 371 796

1 162 704

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

Councillors' arrear consumer accounts

As at 30 June 2021 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.



BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

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

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.

64. Additional disclosure in terms of the Broad-Based Black Economic Empowerment Act

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.



BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2021

EXTERNAL LOANS

INTEREST ALLOCATED INCOME & EXPENDITURE		Amount
Department	Main Vote	
P.W. Stormwater Drains: Worces	1533	308 980.52
P.W.: Street Lighting	1538	23 203.02
P.W. Streets: Worcester	1539	1 635 304.13
Boland Park Sportground	5130	87 281.59
R.F.: Parks (Other)	5151	203 722.62
R.R. Removal: Worcester	6603	37 098.77
Saw.:Disp.Works-Touwsrivier	6905	65 005.61
Saw.: Disp. Works-Worcester	6906	8 915 765.30
Saw.: Disp. Works-Rawsonville	6907	141 510.15
Saw. Networks: Worcester	6912	1 584 470.29
Elec.: Network & Substation	8112	6 526 487.18
Network & Pumps: Worcester	8412	499 114.82
W.M.: Fairy Glen D	8415	2 383.44
Bulk Water De Doorns	8416	37 721.47
W.M.: Stoffynskloof Dam	8418	1 962 939.16
Res.: Vehicle distribution	8660	299 844.66
		22 350 842.63
Interest Paid		22 875 533.85
Interest Accrued	2019/20	(5 731 649.23)
Interest Accrued	2020/21	5 408 658.01
Total		22 350 842.63

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2021
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets										
Cost/Revaluation 2021										
	Opening balance as previously stated 30-06-2020	Prior period error	Restated opening balance 30/6/2020	Additions	Gap 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30-06-2021
LAND	233 613 024		233 613 024				(364 686)		(2 366 070)	230 882 268
BUILDINGS	321 357 288		321 357 288	14 768 347			-487 977		(1 536 930)	334 100 728
INFRASTRUCTURE	2 971 429 295	-98 648	2 971 330 647	103 040 310	-796 036		487 977		(2 839 093)	3 071 223 805
HERITAGE ASSETS	36 631 059		36 631 059							36 631 059
OTHER ASSETS	148 747 085	16 161	148 763 246	6 779 030				2 118 632	(5 069 883)	152 591 025
INTANGIBLE ASSETS	5 364 081		5 364 081							5 364 081
INVESTMENT PROPERTY	47 144 500		47 144 500			16 456 814	364 686		(90 500)	63 875 500
TOTAL	3 764 286 331	(82 487)	3 764 203 844	124 587 687	-796 036	16 456 814	0	2 118 632	-11 902 476	3 894 668 465



BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2020
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2020									
	Opening balance as previously stated 30-06-2019	Prior period error	Restated opening balance 30/6/2019	Additions	Grat 12 Transfer	Fair value adjustment	Transfers	Restoration of Assets	Disposals	Closing Balance 30.6.2020
LAND	233 614 537	(1 513)	233 613 024				-			233 613 024
BUILDINGS	304 301 404		304 301 404	8 784 244			8 271 640			321 357 288
INFRASTRUCTURE	2 818 930 007	(132 962)	2 818 797 045	178 671 862	(47 470)		(14 172 608)		(11 819 534)	2 971 429 295
HERITAGE ASSETS	36 631 059		36 631 059							36 631 059
OTHER ASSETS	129 656 053		129 656 053	8 024 812			5 900 969	9 910 822	(4 745 571)	148 747 085
INTANGIBLE ASSETS	6 230 703	(79 579)	6 151 124						(787 043)	5 364 081
INVESTMENT PROPERTY	43 750 400	1 116 000	44 866 400			2 278 100				47 144 500
TOTAL	3 573 114 162	901 946	3 574 016 109	195 480 918	-47 470	2 278 100	0	9 910 822	-17 352 147	3 764 286 331



BREED VALLEY MUNICIPALITY
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APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2021									
	Opening balance as previously stated 30-06-2020	Prior period error	Restated opening balance 30-06-2020	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30-06-2021	Carrying Value 30-06-2021
LAND	-		-						-	230 882 268
BUILDINGS	186 064 410		186 064 410	6 208 494		(1 445 204)			190 827 700	143 273 027
INFRASTRUCTURE	1 108 047 082	(2)	1 108 047 080	72 056 659		(2 824 456)			1 177 279 283	1 893 944 522
HERITAGE ASSETS	-		-						-	36 631 059
OTHER ASSETS	61 443 313	(134 919)	61 308 395	9 664 016		(3 969 785)	528 264		67 530 889	85 060 136
INTANGIBLE ASSETS	1 182 551		1 182 551	91 383					1 273 934	4 090 147
INVESTMENT PROPERTY	-		-						-	63 875 500
TOTAL	1 356 737 357	-134 921	1 356 602 436	88 020 552	0	-8 239 445	528 264	-	1 436 911 807	2 457 756 659

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2020
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2020									
	Opening balance as previously stated 30-06-2019	Prior period error	Restated opening balance 30-06-2019	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30.6.2020	Carrying Value 30.6.2020
LAND	-		-							233 613 024
BUILDINGS	180 297 779		180 297 779	5 766 631					186 064 410	135 292 878
INFRASTRUCTURE	1 050 661 784	(132 962)	1 050 528 822	69 297 736		(11 819 534)		40 059	1 108 047 002	1 863 382 212
HERITAGE ASSETS	-		-						-	36 631 059
OTHER ASSETS	53 641 871	(53 025)	53 588 846	9 745 516		(4 347 014)	2 443 000	(40 059)	61 390 288	87 356 797
INTANGIBLE ASSETS	1 798 291	(79 579)	1 718 712	250 881		(787 043)			1 182 551	4 181 530
INVESTMENT PROPERTY	-		-						-	47 144 500
TOTAL	1 286 399 724	-265 566	1 286 134 158	85 060 765	0	-16 953 594	2 442 997	0	1 356 864 332	2 407 602 000

BREED VALLEY MUNICIPALITY

APPENDIX C

STATISTICAL INFORMATION

		2021	2020	2019	2018
(1) General Statistics					
(a) Population.	±				
(b) Valuation					
(i) Taxable					
Land		6 496 775 500	6 309 895 800	6 902 659 400	6 015 586 900
Improvements		18 157 119 500	18 184 733 500	17 502 936 000	18 038 844 300
(ii) Non Taxable					
Land					
Improvements					
(iii) Date of Last General Valuation		2016/07/01	2016/07/01	2016/07/01	2016/07/01
(c) Number of properties					
Residential		21 096	21 083	21 065	20 932
Commercial		1 205	1 063	1 065	1 038
Welfare Institutions		241	241	244	238
Agri/Farms		1 868	1 874	1 863	1 883
Industrial		236	236	235	236
Public Serv. Infrastructure		342	338	336	335
National Monuments		26	26	28	27
Municipal Properties		3 628	3 879	3 890	3 979
State		106	106	106	104
Mine		5	5	-	-
(d) Assessment Rate: Cent in the Rand		0.9302 + 1.8603	0.9302 + 1.8603	0.8278+ 1.6556	0.7809 + 1.5618
(e) Number of Employees					
Employed		899	932	940	934
Vacancies (Funded and Un Funded)		291	227	182	149
(2) Electrical Statistics					
(a) Number of users	±	27 653	27 653	28 000	27 653
(b) Units bought	kwH	283 637 188	290 563 916.40	302 916 313.19	300 068 505.13
(c) Units sold	kwH	263 626 881	274 831 292.00	281 171 281.50	280 162 315.00
(d) Units lost in distribution	kwH	20 010 307	15 732 624.40	21 745 031.69	19 906 190.13
(e) Percentage of units lost in distribution		7.05%	5.4145%	7.1786%	6.6339%
(f) Cost per unit bought	R	1.4349653	1.312900	1.172764	1.077257
(g) Loss in distribution	R	28 714 096	20 655 363	25 501 799	21 444 083
(h) Cost per unit sold	R	1.5438847	1.388056268	1.263463	1.153799
(i) Income per unit sold	R	1.637952	1.515657	1.384090	1.302097
(3) Water Statistics					
(a) Number of users	±	27 864	27 864	28 000	27 864
(b) Units supplied	Kl	14 206 458	15 309 473.97	13 317 770.00	12 569 124.00
(c) Units sold	Kl	10 757 799	10 544 650.49	11 135 455.00	10 802 841.00
(d) Units lost in distribution	Kl	3 448 659	4 764 823.48	2 182 315.00	1 766 283.00
(e) Percentage of units lost in distribution		24.28%	31.1234%	16.3865%	14.0526%
(f) Cost per unit supplied	R	5.287168	5.444189	4.781119	4.573842
(g) Loss in distribution	R	18 233 640	25 940 600	10 433 907	8 078 699
(h) Cost per unit sold	R	6.982091	7.731312	5.718117	5.321673
(i) Income per unit sold	R	8.744515	8.437124	6.305673	5.250956
(4) Sundry Statistics					
(a) Area in km²		3 833	3 833	3 833	3 833
(b) Previous election		70 002	70002	70002	70002
Number of registered voters					
% poll					
(c) Building survey:					
(i) Building plans					
Number passed		620	504	496	568
Value passed (R '000)		411 805 000	389 418 000	360 039 000	442 154 000
(ii) Inspections performed	±	4 464	3 100	2 500	3 500
(d) Housing					
(i) Number of dwelling units		2 688	2 696	2 688	2 688
(ii) Number of people acc	±	630	495	13 440	12 096
(iii) Number of people on waiting list		20 207	19 945	26 116	25 659
(e) Fire service stations		3	3	3	2



BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

APPENDIX D: GRANTS AND SUBSIDIES RECEIVED

NAME OF GRANTS	Name of organ of state or Municipality entity	Balance 1 July 2020	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2021	Grants and subsidies delayed/ withheld				Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest DORA	Reason for Non-Compliance
			Sept 2020	Dec 2020	March 2021	June 2021	Sept 2020	Dec 2020	March 2021	June 2021		Sept 20	Dec 20	March 21	June 21			
Equitable Share	National	-	57 416 000	56 016 000	31 898 000	23 923 500	34 449 600	41 538 400	45 318 500	23 923 500	-	-	-	-	Not applicable	Yes	None	
Financial Management grant	National	-	1 550 000				125 000	695 189	106 839	622 972	-	-	-	Not applicable	Yes	None		
EPWP: National	National	-	769 000	1 384 000	923 000	-	2 050 533	1 025 467	-	-	-	-	-	Not applicable	Yes	None		
Municipal Infrastructure Grant	National	10 151 163	908 000	15 134 000	17 778 000	9 300 873	957 420	22 519 821	11 193 050	9 300 873	-	-	-	Not applicable	Yes	None		
Integrated National Electrification Grant	National	-	5 000 000	8 000 000	4 000 000	8 559 514	3 311 202	5 129 285	2 059 360	8 559 514	-	-	-	Not applicable	Yes	None		
Public Libraries-Operational	Provincial	-	4 007 000	4 107 000		4 051 971	1 939 649	2 074 020	1 401	4 051 971	-	-	-	Not applicable	Yes	None		
Public Libraries- Capital	Provincial	-	100 000			240	67 584	30 775	180 000	240	-	-	-	Not applicable	Yes	None		
National Roads Agency	Provincial	-			180 000						-	-	-	Not applicable	Yes	None		
CDW Grant	Provincial	-			94 000	63 283				63 283	-	-	-	Not applicable	Yes	None		
TRANSIT REVENUE	Provincial	-			1 000 000	491 145				491 145	30 717	-	-	Not applicable	Yes	Project ongoing		
Financial Management Capacity Building Grant	Provincial	710 000			300 000	505 000	330 000			505 000	175 000	-	-	Not applicable	Yes	Project ongoing		
Local Government Internship	Provincial	50 840				50 840				50 840	-	-	-	Not applicable	Yes	None		
RSEP Projects Capital	Provincial	648 098		1 900 000		2 220 458	40 000	98 380	(1)	2 220 458	189 262	-	-	Not applicable	Yes	Project not completed		
Thusong Centre	Provincial	83 097				83 097				83 097	-	-	-	Not applicable		None		
Municipal Accreditation & Capacity Building Grant	Provincial	239 175		237 000		503 000		239 175		475 000	265 000	-	-	Not applicable	Yes	Project ongoing		
Disaster Management Grant	Provincial	-			236 000					199 264	36 737	-	-	Not applicable		Project ongoing		
Avian park 438 Houses	Provincial	2 039 797						2 039 797			-	-	-	Not applicable	Yes	None		
Title Deeds	Provincial	3 735 535				1 230 217				1 230 217	2 505 318	-	-	Not applicable	Yes	Project ongoing		
PAWC Fire Equipment	Provincial	-									-	-	-	Not applicable	Yes	None		
Housing: Transhex	Provincial	3 523 293						3 523 293			-	-	-	Not applicable	Yes	None		
58 Houses for staff (SAMWU)	Housing grants	44 824									44 824	-	-	Not applicable	No	Project ongoing		
350 Houses Avian Park	Housing grants	(422 643)									(422 643)	-	-	Not applicable	Yes	Project ongoing		
339 Houses	Housing grants	24 464						24 464			-	-	-	Not applicable	No	None		
LGWSETA	Other	-			456 944	456 944				456 944	-	-	-	Not applicable	Yes	None		

BREDE VALLEY MUNICIPALITY																	
Annual Financial Statements for the year ended 30 June 2021																	
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																	
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2020	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2021	Grants and subsidies delayed/ withheld			Reason for delay/ withholding of funds	Comply with the grant conditions in terms of latest DORA	Reason for Non-Compliance
			Sept 2020	Dec 2020	March 2021	June 2021	Sept 2020	Dec 2020	March 2021	June 2021		Sept 20	Dec 20	March 21			
Work for Water Projects	Other	(175 507)					170 811	669 097	1 437 233	209 740	(2 662 368)				Not applicable	Yes	Project ongoing
CWDM: Operational	Other	100 000				1 020 000		100 000	500 000	520 000					Not applicable	Yes	Project ongoing
CWDM: Capital	Other	428 755							428 755						Not applicable	Yes	Project ongoing
CWDM: Donated Assets	Other	-				299 540			299 540						Not applicable	Yes	None
Donated Assets	Private Donation	-				500 000			500 000						Not applicable	Yes	None
		21 180 891	69 750 000	86 778 000	56 409 000	4 790 484	39 800 595	77 979 905	66 273 696	53 743 598	1 110 581						
SUMMARY		Balance 01/07/20	Sept 2020	Dec 2020	March 2021	June 2021	Sept 2020	Dec 2020	March 2021	June 2021	Balance 30/06/2021						
		21 180 891	217 727 484	217 727 484	237 797 794	237 797 794					1 110 581						
Register summary	Unutilised Balance - 01/07/2020	Debit Balance 01/07/2020	Receipted 01/07/2020 - 30/06/21	Other Income	Capital Donated	Written - off	Conditions met Income statement Operation	Conditions met Income statement Capital	Refunded	To Other Debtors	Balance 30/06/2021						
	21 779 041	(598 151)	216 927 944	799 540	-	-	(168 007 239)	(53 382 663)	(16 407 892)	(3 085 031)	4 195 612						
		21 180 891	217 727 484	217 727 484	237 797 794	237 797 794					1 110 581						

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

Description	2020/21										2019/20
	Original Budget	Budget Adjustments (i.l.o. MFMA s28)	Adjustment Budget 28 April 2021	Approved Virements (Budget Virement Policy 2020/2021)	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 - Standard											
Governance and administration	212 426	4 909	217 335	0	217 335	226 404		9 070	104.2%	106.6%	301 346
Executive and council	108	-	108	-	108	433		325	401.4%	401.4%	2 449
Finance and administration	212 318	4 909	217 227	0	217 227	225 972		8 745	104.0%	106.4%	298 897
Internal audit	-	-	-	-	-	-		-	-	-	-
Community and public safety	213 570	(54 040)	159 530	-	159 530	86 047		(73 482)	53.9%	40.3%	42 087
Community and social services	11 323	133	11 456	-	11 456	13 597		2 141	118.7%	120.1%	11 080
Sport and recreation	1 811	314	2 126	-	2 126	1 282		(844)	60.3%	70.8%	3 034
Public safety	118 761	666	119 427	-	119 427	31 913		(87 533)	26.7%	26.9%	3 140
Housing	81 675	(55 174)	26 501	-	26 501	39 256		12 755	148.1%	48.1%	24 833
Health	-	-	-	-	-	-		-	-	-	-
Economic and environmental services	24 568	(4 224)	20 343	-	20 343	50 136		29 793	246.4%	204.1%	86 944
Planning and development	3 209	648	3 857	-	3 857	2 828		(1 029)	73.3%	88.1%	6 666
Road transport	19 109	(6 000)	13 109	-	13 109	44 821		31 712	341.9%	234.6%	79 465
Environmental protection	2 250	1 128	3 378	-	3 378	2 487		(891)	73.6%	110.5%	813
Trading services	788 416	(8 278)	780 138	(0)	780 138	761 204		(18 934)	97.6%	96.5%	728 897
Energy sources	483 733	(3 601)	480 132	(0)	480 132	457 881		(22 250)	95.4%	94.7%	434 289
Water management	114 878	(2 251)	112 627	-	112 627	119 417		6 790	106.0%	104.0%	108 331
Waste water management	129 575	(6 512)	123 063	-	123 063	119 912		(3 151)	97.4%	92.5%	128 062
Waste management	60 230	4 086	64 316	-	64 316	63 993		(323)	99.5%	106.2%	58 215
Other	-	100	100	-	100	-		(100)	-	-	-
Total Revenue - Standard	1 238 979	(61 534)	1 177 446	-	1 177 446	1 123 792		(53 654)	95.4%	90.7%	1 159 274
Expenditure - Standard											
Governance and administration	212 835	46 216	259 051	(18 578)	240 473	226 174		(14 298)	94.1%	106.3%	206 865
Executive and council	34 332	4 332	38 664	3 026	41 690	40 376		(1 314)	96.8%	117.6%	42 640
Finance and administration	175 111	41 562	216 673	(21 654)	195 019	182 041		(12 978)	93.3%	104.0%	160 962
Internal audit	3 392	322	3 713	50	3 763	3 757		(6)	99.8%	110.8%	3 263
Community and public safety	231 844	(43 174)	188 670	(9 549)	179 120	171 118		(8 003)	95.5%	73.8%	132 945
Community and social services	22 611	4 095	26 706	1 170	27 876	27 864		(12)	100.0%	123.2%	23 513
Sport and recreation	24 623	1 446	26 069	(25)	26 044	25 600		(444)	98.3%	104.0%	27 661
Public safety	110 989	1 849	112 838	(10 620)	102 219	94 987		(7 231)	92.9%	85.6%	58 426
Housing	73 516	(50 545)	22 971	(75)	22 896	22 583		(313)	98.6%	30.7%	23 184
Health	105	(19)	85	-	85	83		(2)	97.1%	79.2%	161
Economic and environmental services	77 584	1 419	79 003	659	79 662	78 767		(895)	98.9%	101.5%	107 096
Planning and development	16 594	765	17 360	169	17 528	17 506		(22)	99.9%	105.5%	15 655
Road transport	58 304	(524)	57 781	490	58 271	58 262		(9)	100.0%	99.9%	90 316
Environmental protection	2 685	1 178	3 863	0	3 863	2 999		(864)	77.6%	111.7%	1 125
Trading services	550 593	19 229	569 822	25 240	595 062	594 443		(619)	99.9%	108.0%	563 089
Energy sources	387 435	14 029	401 464	3 153	404 617	404 364		(253)	99.9%	104.4%	378 174
Water management	58 613	5 210	63 823	11 512	75 335	75 107		(228)	99.7%	128.1%	68 673
Waste water management	58 922	3 362	62 284	5 865	68 150	68 096		(54)	99.9%	115.6%	66 146
Waste management	45 623	(3 373)	42 251	4 710	46 961	46 876		(85)	99.9%	102.7%	50 096
Other	2 019	(1 301)	718	0	718	505		(212)	70.4%	25.0%	1 197
Total Expenditure - Standard	1 074 875	22 368	1 097 264	(2 229)	1 095 035	1 071 008		(24 027)	97.8%	96.6%	1 011 192
Surplus/(Deficit) for the year	164 104	(83 922)	80 182	2 229	82 410	52 784		(29 626)	64.1%	32.2%	148 082

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

Vote Description	2020/21										2019/20
	Original Budget	Budget Adjustments (i.i.o. MFMA s28)	Adjustment Budget 28 April 2021	Approved Virements (Budget Virement Policy 2020/2021)	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	108	-	108	-	108	433		325	401.4%	401.4%	449
Vote 2 - Municipal Manager	14 734	333	15 067	-	15 067	2 859		(12 208)	19.0%	19.4%	7 434
Vote 3 - Strategic Support Services	1 110	657	1 766	-	1 766	1 529		(238)	86.5%	137.8%	3 094
Vote 4 - Financial Services	195 113	4 221	199 335	(0)	199 335	220 708		21 373	110.7%	113.1%	292 360
Vote 5 - Community Services	226 081	(53 709)	172 372	-	172 372	97 399		(74 973)	56.5%	43.1%	101 230
Vote 6 - Technical Services	801 832	(13 035)	788 798	0	788 798	800 865		12 067	101.5%	99.9%	754 706
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	1 238 979	(61 534)	1 177 446	-	1 177 446	1 123 792		(53 654)	95.4%	90.7%	1 159 274
Expenditure by Vote to be appropriated											
Vote 1 - Council General	30 568	4 290	34 878	2 026	36 904	36 468		(436)	98.8%	119.2%	37 996
Vote 2 - Municipal Manager	9 732	1 772	11 504	1 050	12 554	11 297		(1 257)	90.0%	116.1%	11 268
Vote 3 - Strategic Support Services	55 026	15 413	70 439	1 717	72 156	68 710		(3 446)	95.2%	124.9%	59 432
Vote 4 - Financial Services	88 279	17 998	106 277	(22 702)	83 575	77 852		(5 723)	93.2%	88.2%	66 399
Vote 5 - Community Services	244 134	(47 910)	196 224	(10 705)	185 519	180 406		(5 113)	97.2%	73.9%	178 895
Vote 6 - Technical Services	647 117	30 825	677 942	26 385	704 327	696 274		(8 052)	98.9%	107.6%	657 201
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	1 074 875	22 388	1 097 264	(2 229)	1 095 035	1 071 008		(24 027)	97.8%	99.6%	1 011 192
Surplus/(Deficit) for the year	164 104	(83 922)	80 182	2 229	82 410	52 784		(29 626)	64.1%	32.2%	148 082

Appendix G A4

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

Description	2020/21										2019/20
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Adjustment Budget 28 April 2021	Approved Virements (Budget Virement Policy 2020/2021)	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 Source											
Property rates	146 998	-	146 998	-	146 998	155 977	-	8 978	106.1%	106.1%	145 107
Service charges - electricity revenue	452 478	-	452 478	-	452 478	431 937	-	(20 540)	95.5%	95.5%	416 707
Service charges - water revenue	75 888	-	75 888	-	75 888	93 942	-	18 055	123.8%	123.8%	91 484
Service charges - sanitation revenue	76 490	(2 500)	73 990	-	73 990	76 021	-	2 031	102.7%	99.4%	73 688
Service charges - refuse revenue	42 092	-	42 092	-	42 092	42 155	-	63	100.1%	100.1%	40 166
Rental of facilities and equipment	2 223	3 396	5 618	-	5 618	22 936	-	17 318	408.2%	1031.9%	10 671
Interest earned - external investments	3 112	2 888	6 000	0	6 000	9 718	-	3 718	162.0%	312.3%	12 001
Interest earned - outstanding debtors	6 467	-	6 467	(0)	6 467	8 344	-	1 877	129.0%	129.0%	8 133
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	118 474	-	118 474	-	118 474	30 304	-	(88 170)	25.6%	25.6%	51 034
Licences and permits	3 797	-	3 797	-	3 797	2 017	-	(1 779)	53.1%	53.1%	2 211
Agency services	8 641	-	8 641	-	8 641	168 007	-	775	109.0%	109.0%	7 543
Transfers and subsidies	208 112	(36 899)	171 213	0	171 213	168 007	-	(3 206)	98.1%	80.7%	141 850
Other revenue	9 406	(0)	9 406	-	9 406	15 716	-	6 310	167.1%	167.1%	11 618
Gains on disposal of PPE	1 320	-	1 320	-	1 320	3 919	-	2 599	297.0%	297.0%	-
Total Revenue (excluding capital transfers and contributions)	1 155 495	(33 115)	1 122 380	0	1 122 380	1 070 409		(51 971)	95.4%	92.6%	1 012 212
Expenditure By Type											
Employee related costs	317 416	7 277	324 693	(2 967)	321 726	319 700	-	(2 027)	99.4%	100.7%	297 258
Remuneration of councillors	18 780	692	19 473	-	19 473	18 421	-	(1 051)	94.6%	98.1%	18 413
Debt impairment	85 167	10 000	95 167	(17 500)	77 667	77 130	-	(537)	99.3%	90.6%	90 509
Depreciation & asset impairment	95 246	-	95 246	(6 000)	89 246	88 561	-	(685)	99.2%	93.0%	87 496
Finance charges	23 653	-	23 653	-	23 653	22 351	-	(1 302)	94.5%	94.5%	23 643
Bulk purchases	326 798	11 000	337 798	-	337 798	337 524	-	(273)	99.9%	103.3%	318 842
Other materials	19 332	9 416	28 748	1 513	30 261	26 067	-	(4 194)	86.1%	134.8%	26 904
Contracted services	64 602	20 935	85 537	(2 453)	83 083	73 166	-	(9 917)	88.1%	113.3%	64 401
Transfers and subsidies	65 605	(57 447)	8 158	25	8 182	4 452	-	(3 730)	54.4%	6.8%	6 938
Other expenditure	54 773	20 515	75 288	25 154	100 443	100 150	-	(292)	99.7%	182.8%	76 388
Loss on disposal of PPE	3 504	-	3 504	-	3 504	3 485	-	(18)	99.5%	99.5%	402
Total Expenditure	1 074 875	22 388	1 097 264	(2 229)	1 095 035	1 071 008		(24 027)	97.8%	99.6%	1 011 192
Surplus/(Deficit)	80 619	(55 503)	25 117	2 229	27 345	(998)		(27 944)	-2.2%	-0.7%	1 020
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	82 337	(28 869)	53 468	(0)	53 468	52 583	-	(885)	98.3%	63.9%	146 877
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental)	1 147	-	1 147	-	1 147	500	-	(647)	43.6%	43.6%	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational	-	450	450	-	450	300	-	(150)	66.6%	#DIV/0!	185
Transfers and subsidies - capital (in-kind - all)	164 104	(83 922)	80 182	2 229	82 410	52 784	-	(29 626)	64.1%	32.2%	148 082
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-		-	-	-	-
Taxation	164 104	(83 922)	80 182	2 229	82 410	52 784	-	(29 626)	64.1%	32.2%	148 082
Surplus/(Deficit) after taxation	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities	164 104	(83 922)	80 182	2 229	82 410	52 784	-	(29 626)	64.1%	32.2%	148 082
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	164 104	(83 922)	80 182	2 229	82 410	52 784		(29 626)	64.1%	32.2%	148 082

Appendix H A5

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

Vote Description	2020/21								2019/20
	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	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	12
Capital expenditure - Vote									
Multi-year expenditure									
Example 1 - Vote1	-	-	-	-	-	-	-	-	4
Example 2 - Vote2	10	1 079	1 089	1 065		(24)	98%	10651%	3 333
Example 3 - Vote3	5	695	700	370		(330)	53%	7403%	305
Example 4 - Vote4	-	3 333	3 333	3 237		(96)	97%	#DIV/0!	167
Example 5 - Vote5	5	10 969	10 974	10 442		(531)	95%	208850%	2 153
Example 6 - Vote6	61 701	35 945	97 646	93 045		(4 601)	95%	151%	109 852
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	61 721	52 020	113 741	108 160	-	(5 581)	95%	175%	115 815
Single-year expenditure									
Vote 1 - Council General	-	-	-	-		-	-	-	-
Vote 2 - Municipal Manager	1 900	(331)	1 569	1 379		(189)	88%	73%	2 103
Vote 3 - Strategic Support Services	-	928	928	928		(0)	100%	#DIV/0!	334
Vote 4 - Financial Services	1 005	832	1 837	450		(1 387)	24%	45%	8
Vote 5 - Community Services	700	450	1 150	1 153		3	100%	165%	811
Vote 6 - Technical Services	34 588	(18 594)	15 994	12 517		(3 476)	78%	36%	76 410
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	38 193	(16 715)	21 477	16 427	-	(5 050)	76%	43%	79 666
Total Capital Expenditure - Vote	99 914	35 305	135 219	124 588	-	(10 631)	92%	125%	195 481
Capital Expenditure - Standard									
Governance and administration	1 625	5 884	7 509	5 425	-	(2 084)	72%	334%	838
Executive and council	5	55	60	37		(23)	61%	734%	6
Budget and treasury office	1 620	5 829	7 449	5 388		(2 061)	72%	333%	832
Corporate services	-	-	-	-		-	-	-	-
Community and public safety	100	12 394	12 494	12 192	-	(302)	98%	12192%	3 874
Community and social services	100	10 589	10 689	11 252		563	105%	11252%	818
Sport and recreation	-	31	31	10		(21)	32%	#DIV/0!	2 497
Public safety	-	1 774	1 774	930		(844)	52%	#DIV/0!	559
Housing	-	-	-	-		-	-	-	-
Health	-	-	-	-		-	-	-	-
Economic and environmental services	19 546	54 543	74 090	72 398	-	(1 691)	98%	370%	69 869
Planning and development	1 900	(489)	1 411	1 222		(189)	87%	64%	5 434
Road transport	17 646	55 032	72 678	71 176		(1 502)	98%	403%	64 435
Environmental protection	-	-	-	-		-	-	-	-
Trading services	78 642	(37 516)	41 126	34 572	-	(6 554)	84%	44%	120 901
Electricity	28 212	(1 512)	26 700	23 781		(2 920)	89%	84%	20 710
Water	24 984	(19 508)	5 476	4 195		(1 281)	77%	17%	29 044
Waste water management	25 446	(17 711)	7 735	5 420		(2 316)	70%	21%	49 695
Waste management	-	1 215	1 215	1 177		(37)	97%	#DIV/0!	21 452
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	99 914	35 305	135 219	124 588	-	(10 631)	92%	125%	195 481
Funded by:									
National Government	56 337	(5 517)	50 820	50 125		(695)	99%	89%	34 373
Provincial Government	26 000	(23 352)	2 648	2 458		(190)	93%	9%	112 433
District Municipality	-	450	450	300		(150)	67%	#DIV/0!	71
Other transfers and grants	1 147	-	1 147	500		(647)	44%	44%	185
Transfers recognised - capital	83 484	(28 419)	55 065	53 383		(1 683)	97%	64%	147 062
Public contributions & donations	-	-	-	-		-	-	-	-
Borrowing	-	-	-	-		-	-	-	159
Internally generated funds	16 429	63 724	80 153	71 205		(8 948)	89%	433%	48 260
Total Capital Funding	99 914	35 305	135 219	124 588	-	(10 631)	92%	125%	195 481



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30 November 2021

Appendix I Budget Cash Flow

WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows

Description	2020/21							2019/20
	Original Budget	Budget Adjustments (i.l.o.s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	629 384	80 948	710 332	804 485	94 153	113.3%	127.8%	766 506
Government - operating	208 112	(41 148)	166 964	166 597	(367)	99.8%	80.1%	141 396
Government - capital	83 484	(29 067)	54 417	38 450	(15 967)	70.7%	46.1%	147 062
Interest	7 315	3 535	10 850	15 186	4 336	140.0%	207.6%	18 475
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(805 204)	(69 835)	(875 040)	(839 775)	35 265	96.0%	104.3%	(784 636)
Finance charges	(22 676)	0	(22 676)	(22 676)	(0)	100.0%	100.0%	(23 996)
Transfers and Grants	(65 605)	57 447	(8 158)	(4 452)	3 705	54.6%	6.8%	(5 163)
NET CASH FROM/(USED) OPERATING ACTIVITIES	34 810	1 880	36 690	157 815	121 125	430.1%	453.4%	259 644
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	4 024	4 024	#DIV/0!	#DIV/0!	(409)
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	50	-	50	1 143	1 093	2286.3%	2286.3%	(1 824)
Decrease (increase) in non-current investments	-	-	-	(85 000)	(85 000)	#DIV/0!	#DIV/0!	-
Payments								
Capital assets	(99 914)	(32 917)	(132 830)	(123 788)	9 042	93.2%	123.9%	(195 296)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(99 864)	(32 917)	(132 780)	(203 621)	(70 841)	153.4%	203.9%	(197 529)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	50	-	50	135	85	270.7%	270.7%	148
Payments								
Repayment of borrowing	(11 702)	-	(11 702)	(11 702)	0	100.0%	100.0%	(10 410)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(11 652)	-	(11 652)	(11 566)	85	99.3%	99.3%	(10 262)
NET INCREASE/ (DECREASE) IN CASH HELD	(76 705)	(31 037)	(107 742)	(57 372)				51 853
Cash/cash equivalents at the year begin:	100 031	61 689	161 720	146 720				94 867
Cash/cash equivalents at the year end:	23 325	30 652	53 978	89 348	35 370	165.5%	383.0%	146 720



BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Appendix J: DEVIATIONS FOR THE 2020 2021 FINANCIAL YEAR

Date Deviation Application received by SCM	Directorate	Department	Reason for Deviation (category)	Deviation registered (reference Generated)	Amount approved	Service Provider/ Contractor/ Supplier
13/07/2020	COMMUNITY SERVICES	TRAFFIC AND LAW ENFORCEMENT SERVICES	EXCEPTIONAL CASE	BVD 375/2020	R100,000 PER MONTH	ANIMAL WELFARE SOCIETY
01/07/2020	COMMUNITY SERVICES	LIBRARIES	EXCEPTIONAL CASE	BVD 376/2020	RATES	MEDIA 24
01/07/2020	COMMUNITY SERVICES	LIBRARIES	EXCEPTIONAL CASE	BVD 377/2020	RATES	INDEPENDENT NEWSPAPER
16/07/2020	TECHNICAL SERVICES	PUBLIC WORKS	SOLE PROVIDER	BVD 378/2020	R35 218.99	BARLOWORLD EQUIPMENT
30/07/2020	STRATEGIC SUPPORT SERVICES	ADMINISTRATION	EXCEPTIONAL CASE	BVD 381/2020	R6,636,49 PER MONTH	VISION ELEVATORS/ SCHINDLERS LIFTS
08/07/2020	OFFICE OF THE MUNICIPAL MANAGER	INTERNAL AUDIT	EXCEPTIONAL CASE	BVD 382/2020	R207 564.65	SURTECH SOLUTIONS
10/7/2020.	COMMUNITY SERVICES	HUMAN SETTLEMENT WORKSHOP	SOLE PROVIDER	BVD 383/2020	RATES	SANITECH
18/07/2020	TECHNICAL SERVICES	WORKSHOP	EMERGENCY	BVD 384/2020	R5 000.00	WORCESTER BREAKDOWN SERVICES
01/07/2020	FINANCIAL SERVICES	SCMU	EXCEPTIONAL CASE	BVD 385/2020	RATES	FRANK VOS MOTORS , FRIEDSHELF, SENTRALE GARAGE AND GRAPE VALLEY FILL, JAFFE'S GARAGE, KAAP AGRI, RAWSONVILLE POMPSTASIE")
30/06/2020	TECHNICAL SERVICES	ELECTRICAL SUPPORT SERVICES	EMERGENCY	BVD 379/2020	R130 086.55	ABB SOUTH AFRICA (PTY) LTD
12/08/2020	TECHNICAL SERVICES	ELECTRICAL SUPPORT SERVICES	EMERGENCY	BVD 386/2020	R6 161.54	ADENCO CONSTRUCTION
12/08/2020	STRATEGIC SUPPORT SERVICES	COMMUNICATIONS	EXCEPTIONAL CASE	BVD 387 2020	R1 500 000.00	MEDIA 24 (BURGER AND WORCESTER STANDARD), INDEPENDENT NEWSPAPERS
12/08/2020	TECHNICAL SERVICES	BULK SERVICES	EMERGENCY	BVD 388/2020	R85 712.72	LJA CONSTRUCTION CC
14/08/2020	COMMUNITY SERVICES	TRAFFIC SERVICES	EXCEPTIONAL CASE	BVD 389/2020	R152 281.80	AC SECURITY
14/08/2020	COMMUNITY SERVICES	TRAFFIC SERVICES	EXCEPTIONAL CASE	BVD 390/2020	R227 514.96	HEXVALLEI SEKURITEIT
14/08/2020	COMMUNITY SERVICES	TRAFFIC SERVICES	EXCEPTIONAL CASE	BVD 391/2020	R25 730.04	CAPITAL SECURITY BOLAND
26/08/2020	TECHNICAL SERVICES	ELECTRICAL SUPPORT SERVICES	EMERGENCY	BVD 392/2020	R74 462.50	POWER TRANSFORMERS
27/08/2020	TECHNICAL SERVICES	SOLID WASTE	SOLE PROVIDER	BVD 393	R99 705.00	WYNLAND SKIPHIRE
2020/01/09	FINANCE	REVENUE	EXCEPTIONAL CASE	BVD 394	RATES	HCB PROPERTY VALUATIONS
2020/01/09	TECHNICAL SERVICE	WORKSHOP	EXCEPTIONAL CASE	BVD 395	R45 228.71	BARLOWORLD
2020/01/09	TECHNICAL SERVICES	WORKSHOP	EXCEPTIONAL CASE	BVD 396	R19 323.96	BARLOWORLD

BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2021

Appendix J: DEVIATIONS FOR THE 2020 2021 FINANCIAL YEAR

Date Deviation Application received by SCM	Directorate	Department	Reason for Deviation (category)	Deviation registered (reference Generated)	Amount approved	Service Provider/ Contractor/ Supplier
2020/02/09	SSS	INTERNAL AUDIT	EXCEPTIONAL CASE	BVD 397	R 43 870.00	THE INSTITUTE OF INTERNAL AUDITORS
2020/03/09	COMMUNITY SERVICES	TRAFFIC	EXCEPTIONAL CASE	BVD 398	R2 047 364.50	SECURITEM
2020/03/09	SSS	ADMINISTRATATION & SUPPORT SERVICES	EXCEPTIONAL CASE	BVD 399	R2 817.50	FRAMA
2020/08/09	TECHNICAL SERVICES	BULK SERVICES	EMERGENCY	BVD 400	R10 810.00	WINTERBACH BROERS
21/9/2020	TECHNICAL SERVICES	WATER SERVICES	EMERGENCY	BVD 401	R71 134.11	TRICOM AFRICA
21/9/2020	TECHNICAL SERVICES	WATER SERVICES	EMERGENCY	BVD 402	R53 933.85	STRYDOM ARMATURE WINDERS
22/9/2020	SSS	LEGAL	EXCEPTIONAL CASE	BVD 403	R200 000.00	WEBBER WENTZEL ATTORNEYS
22/9/2020	SSS	LEGAL	EXCEPTIONAL CASE	BVD 404	R300 000.00	WEBBER WENTZEL ATTORNEYS
23/9/2020	SSS	ICT	SOLE PROVIDER	BVD 405/ 202	R4 787 264.07	MICROSOFT IRELAND OPERATIONS
2020/05/10	SSS	LEGAL	EXCEPTIONAL CASE	BVD 406	R25 000.00	CONRADIE & PARTNERS
2020/05/10	COMMUNITY SERVICES	TRAFFIC	EXCEPTIONAL CASE	BVD 407		SECURITEM
16/10/2020	TECHNICAL SERVICES	WWTW	EMERGENCY	BVD 408	R74 350.09	GW TRAUTMAN
16/10/2020	TECHNICAL SERVICES	WWTW	EMERGENCY	BVD 409	R90 543.64	TRICOM AFRICA
19/10/2020	TECHNICAL SERVICES	WATER SERVICES	EMERGENCY	BVD 410	R161 747.50	WINTERBACH BROERS
30/10/2020	FINANCE	STORES	EMERGENCY	BVD 411	R3 177.50	GPS SALES AND TRAINING
30/10/2020	COMMUNITY SERVICES	TRAFFIC	EXCEPTIONAL CASE	BVD 412	R66 413.50	ANIMAL WELFARE
13/11/2020	TECHNICAL SERVICES	WORKSHOP	SOLE PROVIDER	BVD 413	R18 293.64	BARLOWORLD
25/11/2020	SSS	ICT	EXCEPTIONAL CASE	BVD 414	R9 591.00	EMERALD INFRASTRUCTURE SOLUTIONS
2020/07/12	TECHNICAL SERVICES	ELECTRICITY	SOLE PROVIDER	BVD 415	R3 942.20	KOCOS MEASUREMENT + CONTROL
25/11/2020	SSS	ICT	EXCEPTIONAL CASE	BVD 416	R16 084.19	MEYCOM
2020/01/04	TECHNICAL SERVICES	ELECTRICITY	EMERGENCY	BVD 417	R36 337.15	LTS SECURITY
17/12/2020	COMMUNITY SERVICES	TRAFFIC	SOLE PROVIDER	BVD 418	R15 989.37	TRUVELO AFRICA
22/12/2020	SSS	LEGAL	EXCEPTIONAL CASE	BVD 419	R30 000.00	VISION/ SCHINDLERS ELEVATORS
14/01/2021	TECHNICAL SERVICES	WATER SERVICES	EMERGENCY	BVD 420	R124 260.00	BENZMARK/ ENKOSI CONSTRUCTION
	TECHNICAL SERVICES	ELECTRICITY	EXCEPTIONAL CASE	BVD 421	R35 379.35	CBI ELECTRIC
2020/01/02	TECHNICAL SERVICES	ELECTRICITY	EXCEPTIONAL CASE	BVD 422	R5 020.33	HYPOWER
2021/12/02	SSS	LEGAL	SOLE PROVIDER	BVD 423	R7 088.50	FRAMA
	SSS	ICT	EXCEPTIONAL CASE	BVD 424	R214 733.18	DATATEGRA
2021/11/02	SSS	LEGAL	EXCEPTIONAL CASE	BVD 425	R10 885.00	MANIE'S VERKOELING
24/02/2021	PUBLIC SERVICES	DE DOORNS	EMERGENCY	BVD 426	R14 950.00	WINTERBACH BROERS

BREDE VALLEY MUNICIPALITY						
Annual Financial Statements for the year ended 30 June 2021						
Appendix J: DEVIATIONS FOR THE 2020 2021 FINANCIAL YEAR						
Date Deviation Application received by SCM	Directorate	Department	Reason for Deviation (category)	Deviation registered (reference Generated)	Amount approved	Service Provider/ Contractor/ Supplier
24/02/2021	FINANCE	WORKSHOP	EMERGENCY	BVD 427	R6 384.09	PRIMA BANDEE T/A TYREMART
25/02/2021	SSS	Administration and Support Services.	EXCEPTIONAL CASE	BVD 428	R21 495.27	VISION/ SCHINDLERS EVEVATORS
2021/12/03	SSS	HR	EXCEPTIONAL CASE	BVD 429	R4 598.85	Build Environment Skills & Training
30/03/2021	TRAFFIC	COMMUNITY SERV	EXCEPTIONAL CASE	BVD 430	R332 067.50	ANIMAL WELFARE
30/03/2021	TRAFFIC	COMMUNITY SERV	EXCEPTIONAL CASE	BVD 431	R3 070 029.50	SECURITEM
31/03/2021	FINANCE	WORKSHOP	EXCEPTIONAL CASE	BVD 432	R42 039.39	SPECIALISED MUNICIPAL EQUIPMENT
2021/01/04	WATER & SEWER NETWORKD	PUBLIC SERVICES	EMERGENCY	BVD 433	R5 060.00	UNIVERSAL TRADING
14/04/2021	MM	ICT	EXCEPTIONAL CASE	BVD 434	R195 500.00	SURTECH SOLUTIONS
19/04/2021	FINANCE	WORKSHOP	EXCEPTIONAL CASE	BVD 435	RATES UP TO R100 000	TRENTYRE
14/04/2021	TECHNICAL SERVICES	ELECTRICITY	EMERGENCY	BVD 436	R18 504.18	EYA BANTU PROFESSIONAL SERVICES
14/04/2021	MM	AUDIT	EXCEPTIONAL CASE	BVD 437	R14 791.88	THE INSTITUTE OF INTERNAL AUDITORS
2021/12/04	FINANCE	FIN PLANNING	EXCEPTIONAL CASE	BVD 438	R80 309.10	ADAPT IT
15/04/2021	FINANCE	WORKSHOP	EXCEPTIONAL CASE	BVD 439	R22 345.83	WORC NISSAN
15/04/2021	FINANCE	WORKSHOP	EXCEPTIONAL CASE	BVD 440	R15 802.15	TONYS
15/04/2021	FINANCE	WORKSHOP	EXCEPTIONAL CASE	BVD 441	R58 525.68	AAD TRUCK
15/04/2021	FINANCE	WORKSHOP	EMERGENCY	BVD 442	R3 500.00	WORC BREAKDOWN SERVICES
22/04/2021	SSS	LEGAL	EXCEPTIONAL CASE	BVD 443	R200 000.00	BRADLEY CONRADIE
22/04/2021	SSS	LEGAL	EXCEPTIONAL CASE	BVD 444	R49 647.80	FAIRBRIDGES
19/04/2021	SSS	ADMIN	EXCEPTIONAL CASE	BVD 445	R28 400.00	FRAMA
19/04/2021	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	BVD 446	R3 260.00	LIASA
15/04/2021	FINANCE	WORKSHOP	EXCEPTIONAL CASE	BVD 447	R10 508.72	JAFFES FORD
28/04/2021	SSS	LEGAL	EXCEPTIONAL CASE	BVD 448	1800 RATES	ELTON SHORTLES ATTORNEYS
2021/05/05	FINANCE	FINANCE	EXCEPTIONAL CASE	BVD 449	200 000	CIGFARO
2021/12/05	SSS	ICT	EXCEPTIONAL CASE	BVD 450	R72 456.00	SITHABILE TECHNICAL SOLUTIONS
2021/12/05	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	BVD 451	R12 477.50	TURBOLEAD
25/5/2021	SSS	ADMIN	EMERGENCY	BVD 452	R8 444.21	ASCEND ROPE ACCESS
26/5/2021	SSS	LEGAL	EXCEPTIONAL CASE	BVD 453	RATES	MULLER, TERBLANCHE & BEYERS
27/05/2021	SSS	HR	EXCEPTIONAL CASE	BVD 454	R965 294.80	APPLICI
2021/03/06	FINANCE	FINANCIAL PLANNING	EXCEPTIONAL CASE	BVD 455	R5 990.00	GLOBAL PROSPECTUS TRAINING
2021/08/06	SSS	ICT	EXCEPTIONAL CASE	BVD 456	R1 282 582.32	NEO TECHNOLOGIES

BREDE VALLEY MUNICIPALITY						
Annual Financial Statements for the year ended 30 June 2021						
Appendix J: DEVIATIONS FOR THE 2020 2021 FINANCIAL YEAR						
Date Deviation Application received by SCM	Directorate	Department	Reason for Deviation (category)	Deviation registered (reference Generated)	Amount approved	Service Provider/ Contractor/ Supplier
2021/08/06		TOUWSRIVIER	EMERGENCY	BVD 457	R4 140.00	WINTERBACH BROERS
23/06/2021	SSS	ADMIN	EMERGENCY	BVD 458	R69 284.03	ASCEND ROPE ACCESS
					R17 698 410.39	



BREED VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
APPENDIX K: INVESTMENTS

Date Invested	Institution	ID	Account Number	Rate	Period	Amount	Maturity Date	Withdrawn	Date Received	Receipt Number	Expected Interest	Interest Received	Difference
											0.00		0.00
29-Jan-20	STANDARD	344	288460898-050	7.550%	154	5 000 000	01-Jul-20	5 000 000	07-Jul-20	6000233060	159 273.97	159 273.97	0.00
26-Feb-20	STANDARD	349	288460898-053	7.500%	154	5 000 000	29-Jul-20	5 000 000	29-Jul-20	5000414739	158 219.18	158 219.18	0.00
											0.00		0.00
												317 493.15	0.00
											0.00		0.00
26-Feb-20	NEDBANK	350	03/7881531576/278	7.60%	182	5 000 000	26-Aug-20	5 000 000	26-Aug-20	4000428598	189 479.45	189 479.45	0.00
28-Jul-20	FNB	351	74860881869	4.03%	30	5 000 000	27-Aug-20	5 000 000	27-Aug-20	5000415537	16 561.64	16 561.64	0.00
28-Jul-20	ABSA	352	2079330373	4.13%	34	5 000 000	31-Aug-20	5 000 000	31-Aug-20	5000415633	19 235.62	19 235.62	0.00
28-Jul-20	NEDBANK	353	03/7881531576/279	4.25%	34	5 000 000	31-Aug-20	5 000 000	31-Aug-20	5000415594	19 794.52	19 794.52	0.00
28-Jul-20	STANDARD	354	288460898-054	4.400%	34	5 000 000	31-Aug-20	5 000 000	31-Aug-20	5000415611	20 493.15	20 493.15	0.00
											0.00		0.00
												265 564.38	0.00
28-Jul-20	ABSA	355	2079331311	4.18%	62	10 000 000	28-Sep-20	10 000 000	28-Sep-20	5000416395	71 002.74	71 002.74	0.00
28-Jul-20	NEDBANK	356	03/7881531576/280	4.35%	62	15 000 000	28-Sep-20	15 000 000	28-Sep-20	5000416394	110 835.62	110 835.62	0.00
28-Jul-20	STANDARD	357	288460898-055	4.450%	62	15 000 000	28-Sep-20	15 000 000	28-Sep-20	5000416396	113 383.56	113 383.56	0.00
											0.00		0.00
												295 221.92	0.00
											0.00		0.00
28-Jul-20	NEDBANK	358	03/7881531576/281	4.40%	91	5 000 000	27-Oct-20	5 000 000	28-Oct-20	4000431075	54 849.32	54 849.32	0.00
28-Jul-20	STANDARD	359	288460898-056	4.500%	92	5 000 000	28-Oct-20	5 000 000	29-Oct-20	5000417373	56 712.33	56 712.33	0.00
											0.00		0.00
												111 561.65	0.00
											0.00		0.00
26-Aug-20	FNB	364	74864639149	3.81%	90	5 000 000	24-Nov-20	5 000 000	24-Nov-20	3000427027	46 972.60	46 972.60	0.00
26-Aug-20	ABSA	365	2079382477	3.92%	92	5 000 000	26-Nov-20	5 000 000	26-Nov-20	2000327008	49 402.74	49 402.74	0.00
26-Aug-20	STANDARD	366	288460898-058	4.000%	92	5 000 000	26-Nov-20	5 000 000	26-Nov-20	2000326995	50 410.96	50 410.96	0.00
28-Jul-20	STANDARD	360	288460898-057	4.525%	122	5 000 000	27-Nov-20	5 000 000	27-Nov-20	4000431999	75 623.29	75 623.29	0.00
28-Jul-20	NEDBANK	361	03/7881531576/282	4.40%	125	5 000 000	30-Nov-20	5 000 000	30-Nov-20	3000427235	75 342.47	75 342.47	0.00
											0.00		0.00
												297 752.06	0.00
28-Jul-20	ABSA	362	2079330624	4.25%	153	5 000 000	28-Dec-20	5 000 000	24-Dec-20	5000419442	89 075.34	89 075.34	0.00
28-Jul-20	FNB	363	74860880184	4.21%	153	5 000 000	28-Dec-20	5 000 000	24-Dec-20	5000419444	88 236.99	88 236.99	0.00
26-Aug-20	ABSA	367	2079382508	3.94%	124	5 000 000	28-Dec-20	5 000 000	24-Dec-20	5000419443	66 926.03	66 926.03	0.00
26-Aug-20	STANDARD	368	288460898-059	4.025%	124	5 000 000	28-Dec-20	5 000 000	24-Dec-20	5000419445	68 369.86	68 369.86	0.00
											0.00		0.00
												312 608.22	0.00
											0.00		0.00
17/Dec-20	FNB	389	74880054785	3.85%	32	10 000 000	18/Jan-21	10 000 000	18/Jan-21	5000420210	33 753.42	33 753.41	0.01
28-Oct-20	ABSA	374	2079483483	3.78%	90	5 000 000	26-Jan-21	5 000 000	26-Jan-21	5000420399	46 602.74	46 602.74	0.00
28-Oct-20	STANDARD	375	288460898-062	3.900%	92	5 000 000	28-Jan-21	5 000 000	29-Jan-21	5000420553	49 150.68	49 150.68	0.00
											0.00		0.00
												129 506.83	0.00
											0.00		0.00
26-Aug-20	FNB	369	74864638498	3.96%	182	5 000 000	24-Feb-21	5 000 000	24-Feb-21	5000421645	98 728.77	98 728.76	0.01
26-Aug-20	STANDARD	370	288460898-060	4.100%	184	5 000 000	26-Feb-21	5 000 000	26-Feb-21	5000421757	103 342.47	103 342.47	0.00
26-Aug-20	NEDBANK	371	03/7881531576/283	3.90%	184	5 000 000	26-Feb-21	5 000 000	26-Feb-21	5000421722	98 301.37	98 301.37	0.00
28-Oct-20	NEDBANK	376	03/7881531576/284	3.76%	121	5 000 000	26-Feb-21	5 000 000	26-Feb-21	5000421721	62 323.29	62 323.29	0.00
											0.00		0.00
												362 695.89	0.00
28-Oct-20	STANDARD	377	288460898-063	3.925%	124	5 000 000	01-Mar-21	5 000 000	01-Mar-21	5000421798	66 671.23	66 671.23	0.00
26-Aug-20	ABSA	372	2079382320	4.00%	212	5 000 000	26-Mar-21	5 000 000	26-Mar-21	5000422605	116 164.38	116 164.38	0.00
26/Nov/20	NEDBANK	382	03/7881531576/286	3.90%	120	5 000 000	26/Mar/21	5 000 000	26/Mar/21	5000422595	64 109.59	64 109.59	0.00
26-Aug-20	STANDARD	373	288460898-061	4.125%	215	5 000 000	29-Mar-21	5 000 000	29-Mar-21	5000422670	121 489.73	121 489.73	0.00
28-Oct-20	ABSA	378	2079483637	3.73%	152	5 000 000	29-Mar-21	5 000 000	29-Mar-21	5000422671	77 665.75	77 665.75	0.00
28-Oct-20	NEDBANK	379	03/7881531576/285	3.79%	152	5 000 000	29-Mar-21	5 000 000	29-Mar-21	5000422658	78 915.07	78 915.07	0.00
28-Oct-20	FNB	380	74873662967	3.75%	152	5 000 000	29-Mar-21	5 000 000	29-Mar-21	5000422657	78 082.19	78 082.19	0.00
28-Oct-20	STANDARD	381	288460898-064	3.925%	152	5 000 000	29-Mar-21	5 000 000	29-Mar-21	5000422668	81 726.03	81 726.03	0.00
											0.00		0.00
												684 823.97	0.00
											0.00		0.00
17/Dec/20	NEDBANK	390	03/7881531576/288	4.30%	123	5 000 000	19/Apr/21	5 000 000	19/Apr/21	4000437246	72 452.05	72 452.05	0.00
17/Dec/20	STANDARD	391	288460898-067	4.550%	123	5 000 000	19/Apr/21	5 000 000	19/Apr/21	4000437251	76 664.38	76 664.38	0.00
26/Nov/20	FNB	383	74877492211	3.93%	151	5 000 000	26/Apr/21	5 000 000	26/Apr/21	2000329982	81 291.78	81 291.78	0.00
26/Nov/20	STANDARD	384	288460898-065	4.050%	153	10 000 000	28/Apr/21	10 000 000	29/Apr/21	5000423519	169 767.12	169 767.12	0.00
											0.00		0.00
												400 175.33	0.00
											0.00		0.00
17/Dec/20	NEDBANK	392	03/7881531576/289	4.40%	151	5 000 000	17/May/21	5 000 000	17/May/21	5000424194	91 013.70	91 013.70	0.00
17/Dec/20	STANDARD	393	288460898-068	4.625%	151	5 000 000	17/May/21	5 000 000	17/May/21	5000424237	95 667.81	95 667.81	0.00
26/Nov/20	NEDBANK	385	03/7881531576/287	3.97%	181	5 000 000	26/May/21	5 000 000	26/May/21	5000424534	98 434.25	98 434.25	0.00
26/Nov/20	INVESTEC	386	JB10494786	3.60%	182	5 000 000	27/May/21	5 000 000	27/May/21	5000424600	89 753.42	89 753.42	0.00
											0.00		0.00
												374 869.18	0.00



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

BREED VALLEY MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
APPENDIX K: INVESTMENTS

Date Invested	Institution	ID	Account Number	Rate	Period	Amount	Maturity Date	Withdrawn	Date Received	Receipt Number	Expected Interest	Interest Received	Difference
17/Dec/20	NEDBANK	394	03/7881531576/290	4.45%	182	5 000 000	17/Jun/21	5 000 000	17/Jun/21	5000425099	110 945.21	110 945.21	0.00
17/Dec/20	STANDARD	395	288460898-069	4.700%	182	5 000 000	17/Jun/21	5 000 000	17/Jun/21	5000425100	117 178.08	117 178.08	0.00
26/Nov/20	ABSA	387	2079524441	3.85%	214	5 000 000	28/Jun/21	5 000 000	28/Jun/21	2000331722	112 863.01	112 863.01	0.00
26/Nov/20	STANDARD	388	288460898-066	4.100%	214	5 000 000	28/Jun/21	5 000 000	28/Jun/21	2000331723	120 191.78	120 191.78	0.00
											0.00	461 178.08	0.00
17/Dec/20	NEDBANK	396	03/7881531576/291	4.50%	214	5 000 000	19/Jul/21				131 917.81		131 917.81
17/Dec/20	STANDARD	397	288460898-070	4.750%	214	5 000 000	19/Jul/21				139 246.58		139 246.58
26/Jan/21	NEDBANK	398	03/7881531576	4.55%	181	5 000 000	26/Jul/21				112 815.07		112 815.07
											0.00	0.00	0.00
22/Apr/21	NEDBANK	410	03/7881531576/297	4.55%	123	5 000 000	23/Aug/21				76 664.38		76 664.38
26/Jan/21	ABSA	399	2079605435	4.35%	212	5 000 000	26/Aug/21				126 328.77		126 328.77
26/Jan/21	STANDARD	400	284607898-071	4.525%	212	5 000 000	26/Aug/21				131 410.96		131 410.96
											0.00	0.00	0.00
22/Apr/21	ABSA	411	2079768611	4.39%	153	5 000 000	22/Sep/21				92 009.59		92 009.59
23/Feb/21	ABSA	402	2079654997	4.48%	212	5 000 000	23/Sep/21				130 104.11		130 104.11
23/Feb/21	NEDBANK	403	03/7881531576/294	4.65%	212	5 000 000	23/Sep/21				135 041.10		135 041.10
26/Jan/21	NEDBANK	401	03/7881531576/293	4.65%	244	5 000 000	27/Sep/21				155 424.66		155 424.66
24/Mar/21	ABSA	405	2079710278	4.59%	187	5 000 000	27/Sep/21				117 579.45		117 579.45
											0.00	0.00	0.00
23/Feb/21	NEDBANK	404	03/7881531576/295	4.70%	244	5 000 000	25/Oct/21				157 095.89		157 095.89
24/Mar/21	ABSA	406	2079710317	4.63%	215	5 000 000	25/Oct/21				136 363.01		136 363.01
24/Mar/21	FNB	407	74892725639	4.40%	215	5 000 000	25/Oct/21				129 589.04		129 589.04
											0.00	0.00	0.00
22/Apr/21	STANDARD	412	288460898-073	4.725%	215	5 000 000	23/Nov/21				139 160.96		139 160.96
24/Mar/21	NEDBANK	408	03/7881531576/296	4.90%	245	5 000 000	24/Nov/21				164 452.05		164 452.05
24/Mar/21	STANDARD	409	288460898-072	4.875%	245	5 000 000	24/Nov/21				163 613.01		163 613.01
											0.00	0.00	0.00
22/Apr/21	NEDBANK	413	03/7881531576/298	4.85%	244	5 000 000	22/Dec/21				162 109.59		162 109.59
28/May/21	NEDBANK	414	03/7881531576/299	4.80%	214	5 000 000	28/Dec/21				140 712.33		140 712.33
28/May/21	FNB	415	74901523164	4.33%	214	5 000 000	28/Dec/21				126 934.25		126 934.25
											0.00	0.00	0.00
												0.00	0.00
						375 000 000		275 000 000			6 682 023.29	4 013 450.66	2 668 572.63
						100 000 000							



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

30 November 2021