



BREEDE VALLEY MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2022

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

General Information

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 2022

Executive Mayor

Antoinette Steyn

Mayoral committee members

J. Von Willingh (Deputy Executive Mayor)

J.F Van Zyl (Speaker)

P.H Marais (Chief Whip)

V.A Bedworth

J.R Jack

J.P Kritzingen

W.R Meiring

N.Nel

P.C Ramokhabi

E. van der Westhuizen

F.Vaughan

Accounting officer

D. McThomas

Chief Financial Officer (CFO)

R.Ontong

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 2022

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 2023 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 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 112, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022.



Accounting Officer
31 August 2022



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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2022.

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 253 380 701 (2021: R2 187 087 515) at year-end.

Net surplus of the municipality was R 51 982 390 (2021: net surplus R51 857 682). 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 2022, the municipality had an accumulated surplus of R 2 253 380 701 and that the municipality's assets exceed its total liabilities by R 2 253 380 701.

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 shows that assets cover the liabilities by 486.57 % (2021 : 466.40%). The coverage indicates that the municipality operates as a going concern. Refer to note 57 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 65 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 13 040 715. The interest paid on borrowings as a percentage of total expenditure is 1.92% (2021: 2.26%).

Investments as at 30 June 2022 amounted to R 91 794 251 (2021: R101 414 454). Investments and cash and cash equivalents decreased from R190 762 198 to R180 883 586. Additional information regarding cash and cash equivalents, investments and loans are provided in notes 3, 10, 19 and Appendix A to the financial statements.

7. Capital expenditure

The capital expenditure incurred during the year 2022 amounted to R143 097 329 (2021: R 124 587 687) that represented 92.08% (2021: 92.14%) of the approved capital budget of 155 412 070 (2021: 135 218 755). 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 2022

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	2022	2021
Net cash flow from operating activities	141 892 915	157 823 362
Net cash flow from investing activities	(123 924 113)	(203 628 918)
Net cash flow from financing activities	(18 227 211)	(11 566 209)
Net increase/(decrease) in cash and cash equivalents	(258 409)	(57 371 765)

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 2022 and 30 June 2021 the current ratio was 1.61 and 1.83 respectively. This reflects a decrease 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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	89 089 335	89 347 744
Receivables from exchange transactions	4	98 084 508	92 483 529
Statutory receivables	5	25 073 499	23 309 354
Other receivables from non exchange	6	1 894 588	4 809 859
Other receivables from exchange transactions	7&5	9 432 078	7 958 413
Inventories	8	11 821 383	8 645 300
Short term investments	10	91 794 251	101 414 454
Long term receivables	15	2 147 556	1 840 485
Operating lease asset	9	361 087	419 027
		329 698 285	330 228 165
Non-Current Assets			
Investment property	11	63 636 633	63 875 500
Property, plant and equipment	12	2 399 706 857	2 346 525 606
Intangible assets	13	4 013 732	4 090 147
Heritage assets	14	36 631 059	36 631 059
Long term receivables	15	2 612 889	2 657 566
		2 506 601 170	2 453 779 878
Total Assets		2 836 299 455	2 784 008 043
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	124 936 972	102 547 760
Consumer deposits	17	4 587 173	4 366 711
Unspent conditional grants and receipts	18	4 227 344	4 195 613
Long term liabilities	19	19 580 156	18 447 673
Employee benefit obligation	20	48 139 959	48 320 987
Provisions	21	3 084 771	2 944 160
		204 556 375	180 822 904
Non-Current Liabilities			
Long term liabilities	19	164 603 202	179 138 853
Employee benefit obligation	20	158 535 000	175 260 497
Provisions	21	55 224 177	61 698 272
		378 362 379	416 097 622
Total Liabilities		582 918 754	596 920 526
Net Assets		2 253 380 701	2 187 087 517
Accumulated surplus		2 253 380 701	2 187 087 517

* See note 53

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	718 276 538	636 910 225
Sales of Goods and rendering of services	23	6 460 921	8 535 548
Income from agency services	24	9 449 678	9 820 328
Licenses and permits		2 619 982	2 017 427
Rental income	25	6 683 602	6 479 325
Operational Revenue	26	4 430 163	6 775 903
Finance Income	27	19 259 515	16 180 357
Total revenue from exchange transactions		767 180 399	686 719 113
Revenue from non-exchange transactions			
Taxation revenue			
Availability Charges		6 766 309	7 145 750
Property rates	28	173 036 896	155 976 506
Property rates - penalties imposed and collection		1 782 296	1 521 045
Transfer revenue			
Government grants & subsidies	29	208 687 115	221 389 902
Fines, Penalties and Forfeits	30	28 741 119	30 303 766
Total revenue from non-exchange transactions		419 013 735	416 336 969
Total revenue		1 186 194 134	1 103 056 082
Expenditure			
Employee related costs	31	(361 117 739)	(350 318 961)
Remuneration of councillors	32	(18 315 230)	(18 421 282)
Depreciation and amortisation	34	(88 566 291)	(88 548 817)
Bulk purchases	35	(383 068 449)	(328 878 664)
Finance costs	36	(20 973 934)	(22 350 843)
Inventory consumed	63	(41 234 443)	(34 813 968)
Contracted services	37	(96 850 686)	(73 166 367)
Operating lease		(9 036 064)	(8 760 238)
Grants and subsidies paid	38	(3 581 533)	(4 452 402)
Operational Costs	39	(62 124 685)	(50 898 256)
Agency fees paid	40	(5 550 010)	(8 132 156)
Construction expenditure		-	-
Total expenditure		(1 090 419 064)	(988 741 954)
Operating surplus		95 775 070	114 314 128
Gain/(loss) on disposal of assets and liabilities		(2 085 040)	421 699
Fair value adjustments	41	1 235 625	16 816 932
Actuarial gains/(losses)	20	37 808 361	(2 673 944)
Debt Impairment	33	(80 796 424)	(77 129 900)
Inventory gains/(losses)		44 798	108 767
Total other gains or (losses)		(43 792 680)	(62 456 446)
Surplus for the year		51 982 390	51 857 682

* See note 53

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 086 402 388	2 086 402 388
Prior year adjustments	45 972 345	45 972 345
Balance at 30 June 2020 as restated*	2 132 374 733	2 132 374 733
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
Prior year adjustments	(3 045 110)	(3 045 110)
Total changes	54 712 784	54 712 784
Restated* Balance at 30 June 2021	2 187 087 517	2 187 087 517
Changes in net assets		
Net income (losses) recognised directly in net assets	14 310 794	14 310 794
Surplus for the year	51 982 390	51 982 390
Total changes	66 293 184	66 293 184
Balance at 30 June 2022	2 253 380 701	2 253 380 701

* The surplus for the 2020/21 year has been restated. Refer to note 53 for the prior period error corrections.

* See note 53

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Cash flows from services and rate payers		887 197 497	804 993 563
Cash flows from government and other grants		208 718 846	205 046 731
Finance income: investing activities		16 109 747	14 677 721
		<u>1 112 026 090</u>	<u>1 024 718 015</u>
Payments			
Cash paid to employees		(358 531 133)	(343 201 154)
Cash paid to suppliers		(592 091 080)	(496 565 563)
Finance costs		(15 929 429)	(22 675 534)
Grants paid		(3 581 533)	(4 452 402)
		<u>(970 133 175)</u>	<u>(866 894 653)</u>
Net cash flows from operating activities	43	<u>141 892 915</u>	<u>157 823 362</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(134 465 625)	(123 796 274)
Proceeds from sale of property, plant and equipment	12	(2 085 040)	3 994 229
Proceeds from sale of Investment properties	11	1 733 367	-
Long term receivables		(521 269)	1 143 127
Increase/ decrease in investment		11 414 454	(85 000 000)
Investment property additions		-	30 000
Net cash flows from investing activities		<u>(123 924 113)</u>	<u>(203 628 918)</u>
Cash flows from financing activities			
Repayment of long term liabilities		(18 447 673)	(11 701 568)
Movement in consumer deposits		220 462	135 359
Net cash flows from financing activities		<u>(18 227 211)</u>	<u>(11 566 209)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(258 409)</u>	<u>(57 371 765)</u>
Cash and cash equivalents at the beginning of the year		89 347 744	146 719 509
Cash and cash equivalents at the end of the year	3	<u>89 089 335</u>	<u>89 347 744</u>

* See note 53

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

STATEMENT OF BUDGET COMPARISON

WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2021/22										2020/21
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Adjustment Budget 23 February 2022	Approved Virements (Budget Policy 2021/2022)	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	154 348	13 712	168 061	-	168 061	173 037		4 976	103,0%	112,1%	155 977
Service charges	722 633	(20 560)	702 073	-	702 073	725 043		22 970	103,3%	100,3%	644 056
Investment revenue	10 686	-	10 686	-	10 686	10 969		282	102,6%	102,6%	9 718
Transfers and subsidies	147 172	10 308	157 480	0	157 480	152 932		(4 548)	97,1%	103,9%	168 007
Other own revenue	267 249	0	267 249	-	267 249	70 271		(196 978)	26,3%	26,3%	93 091
Total Revenue (excluding capital transfers and contributions)	1 302 088	3 460	1 305 548	0	1 305 548	1 132 251		(173 297)	86,7%	87,0%	1 070 848
Employee costs	344 581	(711)	343 870	(5 010)	338 860	335 127	-	(3 733)	98,9%	97,3%	319 700
Remuneration of councillors	20 356	(1 307)	19 049	-	19 049	18 315	-	(734)	96,1%	90,0%	18 421
Depreciation & asset impairment	100 988	-	100 988	-	100 988	88 566	-	(12 421)	87,7%	87,7%	89 403
Finance charges	23 653	-	23 653	-	23 653	20 974	-	(2 679)	88,7%	88,7%	22 351
Materials and bulk purchases	428 242	0	428 243	2 838	431 081	424 259	-	(6 822)	98,4%	99,1%	363 584
Transfers and grants	4 365	2 853	7 218	6	7 224	3 767	-	(3 457)	52,1%	86,3%	4 452
Other expenditure	364 990	34 188	399 178	1 531	400 709	244 981	-	(155 728)	61,1%	67,1%	255 813
Total Expenditure	1 287 175	35 022	1 322 198	(634)	1 321 564	1 135 989	-	(185 574)	86,0%	88,3%	1 073 724
Surplus/(Deficit)	14 913	(31 562)	(16 649)	634	(16 015)	(3 738)		12 277	23,3%	-25,1%	(2 875)
Transfers recognised- capital	57 360	429	57 789	(0)	57 789	55 756		(2 033)	96,5%	97,2%	52 583
Contributions recognised - capital & contributed assets	-	-	-	-	-	-		-	-	-	800
Surplus/(Deficit) after capital transfers & contributions	72 273	(31 134)	41 139	634	41 773	52 017		10 244	124,5%	72,0%	50 507
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) for the year	72 273	(31 134)	41 139	634	41 773	52 017		10 244	124,5%	72,0%	50 507
Capital expenditure & funds sources											
Capital expenditure											
Transfers recognised - capital	57 360	429	57 789	-	57 789	55 756		(2 033)	96,5%	97,2%	-
Public contributions & donations	-	-	-	-	-	-		-	-	-	-
Borrowing	-	-	-	-	-	-		-	-	-	-
Internally generated funds	93 870	3 753	96 989	634	97 623	87 342		(10 282)	89,5%	93,0%	-
Total sources of capital funds	151 230	4 182	154 778	634	155 412	143 097		(12 315)	92,1%	94,6%	-

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

STATEMENT OF BUDGET COMPARISON

WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2021/22										2020/21
	Original Budget	Budget Adjustments (i.e. M/FMA s28)	Adjustment Budget 23 February 2022	Approved Virements (Budget Virement Policy 2021/2022)	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 position											
Total current assets	319 279	(67)	251 805	-	251 805	329 698		77 893	130,9%	103,3%	330 228
Total non current assets	2 499 055	1	2 500 236	-	2 500 236	2 506 601		6 365	100,3%	100,3%	2 453 780
Total current liabilities	154 174	-	154 174	-	154 174	204 556		50 383	132,7%	132,7%	180 823
Total non current liabilities	434 708	-	434 708	-	434 708	378 362		(56 346)	87,0%	87,0%	416 098
Community wealth/Equity	2 229 452	(66)	2 163 159	-	2 163 159	2 253 381		90 222	104,2%	101,1%	2 187 088
Cash flows											
Net cash from (used) operating	50 395	(31 849)	18 546	-	18 546	141 893		123 347	765,1%	281,6%	157 823
Net cash from (used) investing	(151 180)	(3 548)	(154 728)	-	(154 728)	(123 924)		30 804	80,1%	82,0%	(203 629)
Net cash from (used) financing	(12 941)	-	(12 941)	-	(12 941)	(18 227)		(5 286)	140,9%	140,9%	(11 566)
Cash/cash equivalents at the year end	86 287	(46 052)	40 225	-	40 225	89 089		48 865	221,5%	103,2%	89 348
Cash backing/surplus reconciliation											
Cash and investments available	86 287	(46 062)	40 225	-	40 225	89 089		48 865	221,5%	103,2%	89 348
Application of cash and investments	(7 420)	15 729	8 309	-	8 309	60 265		51 956	725,3%	-812,2%	37 057
Balance - surplus (shortfall)	93 707	(61 791)	31 916	-	31 916	28 824		(3 092)	90,3%	30,8%	52 291
Asset management											
Asset register summary (WDV)	2 495 576	1 181	2 496 757	-	2 496 757	2 503 988		7 232	100,3%	100,3%	2 451 122
Depreciation	100 988	-	100 988	-	100 988	88 566		(12 421)	87,7%	87,7%	89 403
Renewal of Existing Assets	43 631	(12 929)	30 701	(191)	30 511	27 446		(3 065)	90,0%	62,9%	63 366
Repairs and Maintenance	55 398	26 588	81 985	2 966	84 951	60 900		(24 052)	71,7%	109,9%	53 798
Free services											
Cost of Free Basic Services provided	45 808	-	45 808	-	45 808	51 316		5 509	112,0%	112,0%	46 257
Revenue cost of free services provided	41 033	-	41 033	-	41 033	7 697		(33 335)	18,8%	18,8%	6 939
Households below minimum service level											
Water:	-	-	-	-	-	-		-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-		-	-	-	-
Energy:	-	-	-	-	-	-		-	-	-	-
Refuse:	-	-	-	-	-	-		-	-	-	-

BREDE VALLEY MUNICIPALITY Annual Financial Statements for the year ended 30 June 2022 Statement of Budget Comparison					
Material Variance Explanations 30 June 2022					
Description	Final Budget 30 June 2022	Actual 30 June 2022	Variances greater than 10%/ R50 000 (over/(under))	Reasons for Material Deviations	Impact on Service Delivery
Revenue By Source					
Other own revenue	267 248 502	70 270 996	-74	The provision for Bad Debts: Traffic Fines was reduced as a result of fewer outstanding traffic fine debtors.	None
Expenditure By Type					
Depreciation & asset impairment	100 987 600	88 566 291	-12	Depreciation for 2021/2022 are less than anticipated because of the review of the useful life of assets at year-end.	None
Finance charges	23 653 200	20 973 934	-11	Finance charges for 2021/2022 are less than anticipated.	None
Transfers and grants	7 223 645	3 766 533	-48	Monetary allocations to individuals and organisations for 2021/2022 are less than anticipated.	Negative
Other expenditure	400 709 086	244 981 306	-39	Expenditure on general expenses for 2021/2021 are less than anticipated.	Negative
Capital Expenditure					
Technical Services					
Reservoirs					
Reservoir: Pre-loads	17 028 066	15 069 706	1 958 360	Contribution to PMU transferred to Opex	None. Project on track and full MIG claimed
Electricity (8112)					
Refurbishment of substations	469 096	250 735	218 361	Project expenditure less for fin year.	None project on time. Rolled over to 2022/23
Ward Priorities					
High Mast lights	3 133 000	2 636 621	496 379	Project expenditure less for fin year.	None project on time. Rolled over to 2022/23
Erosion Protection of Hex River (Zweletamba)					
Erosion Protection of Hex River: Phase 2 (300m @ R13,333.33/m)	7 465 458	7 415 457	50 001	Phase completed	Unspent rolled over to new year for next phase
Water & Sewer Networks					
Water & Sewer Networks: Machinery and Equipment	914 000	685 477	228 523	Equipment needed purchased. Savings	None
Water & Sewer Networks: Municipal Vehicles (LDV)	2 588 020	2 503 250	84 770	Vehicles purchased. Savings	None
Water & Sewer Networks: Upgrading of Sewer Network	200 000		200 000	Budget insufficient. Project budgeted in 2022/23	Risk of blockages for period
ROADS AND STORMWATER					
Public Services - Vehicles	798 000	714 420	83 580	Vehicles purchased. Savings	None
Land Infill Developments					
Johnsons Park - Water	391 066	107 966	283 100	Project expenditure less for fin year.	None project on time. Rolled over to 2022/23
Johnsons Park - Stormwater	257 914	159 746	98 168	Project expenditure less for fin year.	None project on time. Rolled over to 2022/23
Johnsons Park - Electricity	1 050 000	827 007	222 993	Project expenditure less for fin year.	None project on time. Rolled over to 2022/23
Johnsons Park - Roads	824 487	146 998	677 489	Project expenditure less for fin year.	None project on time. Rolled over to 2022/23
Community Services					
ADMIN - 0903					
CS Admin: Furniture & Equipment	312 957	93 327	219 630	Insufficient funds on budget to complete project	None
SPORT: Esselen Park					
Esselen park SG: Replacement of fence perimeter	300 000		300 000	Budget insufficient. Project budgeted in 2022/23 and balance rolled over	None. Sport ground functions
WATERLOO LIBRARY - 4506					
Waterloo library: Upgrade ramp	100 000	25 122	74 878	Budget insufficient. Additional funding granted by PAWC: Library services for 2022/23. Unspent to be rolled over	Limited access to physically impaired to 1st floor
TRAFFIC					
Traffic: Machinery and Equipment	978 256	897 728	80 528	Equipment needed purchased. Savings	None
Traffic - Vehicles	1 034 000	960 022	73 978	Vehicles purchased. Savings	None
FIRE DEPARTMENT: ADMIN - 4203					
Fire dept: Machinery and Equipment	500 000	431 532	68 468	Equipment needed purchased. Savings	None
HOUSING : ADMIN - 7503					
Housing Admin: Machinery and Equipment	80 000		80 000	Project completed from other funds	None
FINANCIAL SERVICES					
Admin					
FS Admin: Furniture and Equipment	955 000	878 426	76 574	Furniture & Equipment needed purchased. Savings	None
Financial Planning					
FS - FP: Safeguarding of Assets	400 000	233 846	166 154	Budgeted on a needs basis. No needs for full budget. Savings	None
Vehicle Distribution					
Fleet - Major parts and components	300 000		300 000	Budget on possible needs. None materialised. Unspent rolled over to 2022/23	None

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022
Statement of Budget Comparison

Material Variance Explanations 30 June 2022

Description	Final Budget 30 June 2022	Actual 30 June 2022	Variances greater than 10%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery
STRATEGIC SUPPORT SERVICES					
CIVIC CENTRE WORCESTER - 3903					
Civic centre: Solar panel - conversion	480 000	51 524	428 476	Insufficient funds. Balance rolled over to 2022/23 with additional Budget	Possibility of lesser quality service delivery during loadshedding
OTHER BUILDINGS - 3915					
Upgrading of municipal building	269 000	198 407	70 593	Work not completed. Rolled over to 2022/23	None
INFORMATION TECHNOLOGY - 2114					
ICT: Computer Equipment	7 300 321	2 814 878	4 485 443	Contract awarded late. Rolled over to 2022/23	None
ICT: Call Center & Telephone (PBX) System	1 235 435	150 000	1 085 435	Contract awarded late. Rolled over to 2022/23	None
Financial Position					
Total current assets	251 805 423,86	329 698 285,00	(77 892 861,14)	Cash and Cash equivalents more than the anticipated budget. Debt collection higher than anticipated in the budget which resulted in Receivables to be significantly less than budgeted for.	None
Total non current assets	2 500 235 700,41	2 506 601 170,00	(6 365 469,59)	The prior period error correction on assets impacted on the balance at year end. Furthermore, increase to Investment Property due to the fair value adjustment at year end were higher than anticipated	None
Total current liabilities	154 173 870,42	204 556 375,00	(50 382 504,58)	Payments made after year end were more than budgeted for.	None
Total non current liabilities	434 708 204,24	378 362 379,00	56 345 825,24	The prior period error correction on landfill sites resulted in a significant decrease in the provision.	None
Community wealth/Equity	2 163 159 049,61	2 253 380 701,00	(90 221 651,39)	Increase due to debt collection being higher than anticipated and prior period correction on landfill sites which caused a decrease in the provisions made by the municipality.	None
Cash flows					
Net cash from (used) operating	18 545 769,57	141 892 914,87	(123 347 145,30)	Debt Collection was higher than anticipated resulted in better cashflows	None
Net cash from (used) investing	(154 728 070,00)	(123 924 113,32)	(30 803 956,68)	Capital expenditure less than anticipated	None
Net cash from (used) financing	(12 940 799,99)	(18 227 210,87)	5 286 410,88	Interest accrued on loans at year end not budgeted for.	None
Cash/cash equivalents at the year end	40 224 685,51	89 089 334,68	(48 864 649,17)		None
Cash backing/surplus reconciliation					
Cash and investments available	40 224 685,51	89 089 334,68	(48 864 649,17)	Debt Collection was higher than anticipated resulted in better cashflows	None
Application of cash and investments	8 309 036,22	60 265 323,51	(51 956 287,29)	Transfers to reserves were more than anticipated.	None
Balance - surplus (shortfall)	31 915 649,29	28 824 011,17	3 091 638,12		None
Asset management					
Asset register summary (WDV)	2 496 756 512,81	2 503 988 281,00	(7 231 768,19)	Fair Value adjustment on Investment Property more than anticipated.	None
Depreciation	100 987 600,00	88 566 290,68	12 421 309,32	Assets purchased later than anticipated resulted in less depreciation than budgeted.	None
Renewal of Existing Assets	30 510 736,00	27 445 694,46	3 065 041,54	Refer to capital expenditure above.	None
Repairs and Maintenance	84 951 213,00	60 899 677,00	24 051 536,00	Repairs and maintenance less than anticipated.	None
Free services					
Cost of Free Basic Services provided	45 807 638,00	51 316 481,66	(5 508 843,66)	Cost of free basic services was more than anticipated whilst the revenue cost of free basic services was less than anticipated.	None
Revenue cost of free services provided	41 032 793,60	7 697 472,25	33 335 321,35	Cost of free basic services was more than anticipated whilst the revenue cost of free basic services was less than anticipated.	None

BREEDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022

Statement of Budget Comparison

Material Variance Explanations 30 June 2022

Description	Final Budget 30 June 2022	Actual 30 June 2022	Variances greater than 10%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery

Virements to Final Adjustment Budget (Reconciliation of Budget Summary)

Revenue By Source

Transfers and subsidies	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 23 February 2022: 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 2021/2022.
Transfers recognised- capital	

Expenditure By Type

Employee costs	
Materials and bulk purchases	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 23 February 2022: 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 2021/2022.
Transfers and grants	
Other expenditure	

Capital Expenditure

Total Capital Expenditure	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 23 February 2022: 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 2021/2022.
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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 23 February 2022: 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 2021/2022.
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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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 is 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 2022

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 21 - 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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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 20.

Long Service Awards

Long Service Awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans are valued by independent qualified actuaries on an annual basis and the corresponding liability is raised. Payments are set off against the liability, including notional interest, resulting from the actuarial valuation and are recognized in the Statement of Financial Performance as employee benefits upon valuation.

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

Staff Leave Accrual

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

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

Performance Bonus Accrual

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

13th Cheque Accrual

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

Effective Interest Rate

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

Allowance for impairment

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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 11)

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements. See Note 12.

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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 2022

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.

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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.

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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.

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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 weighted average cost 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

Identification

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

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

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

Value in use

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

BREED VALLEY MUNICIPALITY

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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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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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.

BREEDE VALLEY MUNICIPALITY

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Accounting Policies

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 that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

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1.15 Provisions and Contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

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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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.

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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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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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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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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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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 rise 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 2021 to 30 June 2022.

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.

Remuneration of management includes remuneration derived for services provided to the municipality in their capacity as members of the management team.

The remuneration for councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

In the case of permanent employees acting in management positions, only the remuneration received additionally for acting in that position closed.

Municipal service are provided to key management and councillors based on the approved tariffs that was advertised to the public.

BREED VALLEY MUNICIPALITY

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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 Compound instruments

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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Annual Financial Statements for the year ended 30 June 2022

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 63.

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.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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 53 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 53.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The municipality has not adopted any new standards for the current financial year that are relevant to its operations. The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

Reference	Topic	Effective Date
GRAP 25	Employee benefits	1 April 2023
GRAP 104	Financial Instruments	Unknown
iGRAP 7	The limit on a defined benefit asset, minimum funding requirement and their interaction	Unknown
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023
Guideline	Landfill sites	Unknown
Guideline	Application of Materiality of Financial Statements	Unknown

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13 109	13 133
Bank balances	89 076 226	89 334 611
	89 089 335	89 347 744

For the purpose of the Cash Flow Statement, Cash and cash equivalents includes Cash on hand and cash in banks. Refer to note 62 on the additional disclosures required by the Municipal Finance Management Act where the detail regarding the bank is disclosed.

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

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

Credit rating		
Current Account (P-1)	89 076 226	89 334 611
Nedbank (P-1)	40 813 582	45 660 315
Standard Bank (P-1)	30 662 781	20 335 654
Absa (P-1)	15 248 353	25 338 647
FNB (P-1)	5 069 535	10 079 838
	180 870 477	190 749 065

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.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Receivables from exchange transactions		
Gross balances		
Electricity	64 619 752	56 337 031
Housing rental	12 166 935	10 873 997
Housing Selling Schemes	252 680	242 341
Refuse	30 454 974	27 370 110
Sewerage	49 511 806	44 770 368
Sundries	18 339 094	16 008 039
Water	56 647 429	50 023 998
	231 992 670	205 625 884
Less: Allowance for impairment		
Electricity	(4 527 594)	(3 838 483)
Housing Selling schemes	(141 202)	(125 515)
Housing rental	(10 768 699)	(9 457 815)
Refuse	(24 651 133)	(21 339 270)
Sewerage	(39 466 727)	(34 411 250)
Sundries	(13 774 370)	(12 567 813)
Water	(40 578 437)	(31 402 209)
	(133 908 162)	(113 142 355)
Net balance		
Electricity	60 092 158	52 498 548
Housing rental	1 398 236	1 416 182
Housing selling schemes	111 478	116 826
Refuse	5 803 841	6 030 840
Sewerage	10 045 079	10 359 118
Sundries	4 564 724	3 440 226
Water	16 068 992	18 621 789
	98 084 508	92 483 529
Electricity		
Current (0 -30 days)	58 061 770	50 110 959
31 - 60 days	1 224 607	1 136 654
61 - 90 days	542 753	798 617
91 - 120 days	378 276	292 464
121 - 365 days	4 412 345	3 998 337
Less: Provision for impairment	(4 527 593)	(3 838 483)
	60 092 158	52 498 548
Water		
Current (0 -30 days)	16 514 170	14 323 879
31 - 60 days	2 209 295	2 180 031
61 - 90 days	2 126 398	1 780 202
91 - 120 days	1 824 202	1 781 785
121 - 365 days	33 973 364	29 958 101
Less: Provision for impairment	(40 578 437)	(31 402 209)
	16 068 992	18 621 789
Sewerage		
Current (0 -30 days)	5 796 528	5 530 255
31 - 60 days	1 583 801	1 537 446
61 - 90 days	1 403 667	1 340 540
91 - 120 days	1 312 727	1 317 951
121 - 365 days	39 415 084	35 044 176

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Receivables from exchange transactions (continued)		
Less: Provision for impairment	(39 466 728)	(34 411 250)
	10 045 079	10 359 118
Refuse		
Current (0 -30 days)	3 335 550	3 221 018
31 - 60 days	928 010	896 020
61 - 90 days	829 628	806 322
91 - 120 days	799 804	792 500
121 - 365 days	24 561 982	21 654 250
Less: Provision for impairment	(24 651 133)	(21 339 270)
	5 803 841	6 030 840
Housing selling schemes		
Current (0 -30 days)	5 569	5 045
31 - 60 days	1 802	1 935
61 - 90 days	1 282	1 475
91 - 120 days	1 263	1 398
121 - 365 days	242 764	232 488
Less: Provision for impairment	(141 203)	(125 515)
	111 477	116 826
Housing rental		
Current (0 -30 days)	326 786	309 744
31 - 60 days	224 703	265 627
61 - 90 days	221 533	218 422
91 - 120 days	205 305	205 486
121 - 365 days	11 188 608	9 874 718
Less: Provision for impairment	(10 768 699)	(9 457 815)
	1 398 236	1 416 182
Sundries		
Current (0 -30 days)	2 469 461	2 693 384
31 - 60 days	2 035 286	197 815
61 - 90 days	237 493	644 308
91 - 120 days	176 301	790 393
121 - 365 days	13 420 552	11 682 139
Less: Provision for impairment	(13 774 369)	(12 567 813)
	4 564 724	3 440 226

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	71 193 536	57 804 737
31 - 60 days	6 754 391	2 441 222
61 - 90 days	4 413 296	3 872 847
91 - 120 days	3 866 134	4 750 827
121 - 365 days	104 691 732	104 036 924
	190 919 089	172 906 557
Industrial/ commercial		
Current (0 -30 days)	27 126 355	17 059 446
31 - 60 days	1 072 083	3 501 313
61 - 90 days	403 520	1 592 847
91 - 120 days	510 495	399 965
121 - 365 days	8 678 412	7 799 204
	37 790 865	30 352 775
National and provincial government		
Current (0 -30 days)	2 356 340	1 330 101
31 - 60 days	93 127	272 992
61 - 90 days	35 052	124 192
91 - 120 days	44 344	31 185
121 - 365 days	753 853	608 093
	3 282 716	2 366 563
Total		
Current (0 -30 days)	86 509 833	76 194 264
31 - 60 days	8 207 504	6 215 527
61 - 90 days	5 362 755	5 589 885
91 - 120 days	4 697 879	5 181 976
121 - 365 days	127 214 699	112 444 222
	231 992 670	205 625 874
Less: Allowance for impairment	(133 908 163)	(113 142 345)
	98 084 507	92 483 529
Less: Allowance for impairment		
31 - 60 days	(7 554 511)	(5 433 289)
61 - 90 days	(4 936 092)	(4 886 386)
91 - 120 days	(4 324 114)	(4 529 813)
121 - 365 days	(117 093 446)	(98 292 858)
	(133 908 163)	(113 142 346)
Total debtor past due but not impaired		
31 - 60 days	652 992	782 238
61 - 90 days	426 663	703 450
91 - 120 days	373 765	652 164
121 - 365 days	10 121 253	14 151 363
	11 574 673	16 289 215

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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4. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As at 30 June 2022, receivables from exchange transactions with an amount of R 133 908 162 (2021: R 113 142 345) impaired and provided for.

Reconciliation of allowance for impairment

Balance at beginning of the year	(113 142 345)	(92 732 453)
Contributions to allowance	(50 314 278)	(40 996 379)
Debt impairment written off against allowance	29 548 461	20 586 487
	<u>(133 908 162)</u>	<u>(113 142 345)</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 2022 receivables from exchange transactions of R 11 574 673 (2021: R16 289 255) 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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
5. Statutory Receivables		
Gross balances		
Rates	38 765 597	35 526 607
Traffic fines	30 192 450	31 656 950
Vat receivable	5 238 029	2 371 796
	74 196 076	69 555 353
Less: Allowance for impairment		
Rates	(23 536 355)	(21 410 239)
Traffic fines	(25 586 222)	(24 835 760)
	(49 122 577)	(46 245 999)
Net balance		
Rates	15 229 242	14 116 368
Traffic fines	4 606 228	6 821 190
Vat receivable	5 238 029	2 371 796
	25 073 499	23 309 354
Rates		
Current (0 -30 days)	9 811 838	8 884 749
31 - 60 days	1 864 707	1 393 477
61 - 90 days	901 727	926 462
91 - 120 days	792 392	792 103
121 - 365 days	25 394 933	23 529 816
Less: Provision for impairment	(23 536 355)	(21 410 239)
	15 229 242	14 116 368
Summary of rates receivables by customer classification: Rates		
Consumers		
Current (0 -30 days)	7 996 342	7 398 705
31 - 60 days	1 519 678	1 160 407
61 - 90 days	734 879	771 504
91 - 120 days	645 774	659 618
121 - 365 days	20 696 082	19 594 272
	31 592 755	29 584 506
Industrial/ commercial		
Current (0 -30 days)	1 582 810	1 298 801
31 - 60 days	300 808	203 703
61 - 90 days	145 463	135 433
91 - 120 days	127 826	115 792
121 - 365 days	4 096 619	3 439 665
	6 253 526	5 193 394
National and provincial government		
Current (0 -30 days)	84 201	27 307
31 - 60 days	42 241	14 419
61 - 90 days	27 936	3 538
91 - 120 days	25 619	3 517
121 - 365 days	739 319	699 926
	919 316	748 707

BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
5. Statutory Receivables (continued)		
Total		
Current (0 -30 days)	9 811 837	8 884 749
31 - 60 days	1 864 707	1 393 477
61 - 90 days	901 727	926 462
91 - 120 days	792 392	792 103
121 - 365 days	25 394 934	23 529 816
	<u>38 765 597</u>	<u>35 526 607</u>
Less: Allowance for impairment	<u>(23 536 355)</u>	<u>(21 410 239)</u>
	15 229 242	14 116 368
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(1 515 811)	(1 119 842)
61 - 90 days	(733 009)	(744 534)
91 - 120 days	(644 131)	(636 559)
121 - 365 days	(20 643 404)	(18 909 304)
	<u>(23 536 355)</u>	<u>(21 410 239)</u>
Total debtor past due but not impaired		
31 - 60 days	348 897	273 635
61 - 90 days	168 718	181 928
91 - 120 days	148 261	155 544
121 - 365 days	4 751 529	4 620 513
	<u>5 417 405</u>	<u>5 231 620</u>
Reconciliation of traffic fines		
Balance at beginning of the year	6 821 190	14 419 512
New receivables: traffic fines	25 381 190	27 366 900
Write-offs	(26 075 740)	(56 869 685)
Payment of old fines	(769 950)	(1 664 420)
Provision for impairment movement	750 462	23 568 883
	<u>6 107 152</u>	<u>6 821 190</u>
Statutory receivables impaired		
As of 30 June 2022, statutory receivables were impaired by R 49 122 577 (2021: R46 245 999) and provided for.		
Reconciliation of allowance for impairment: Rates		
Balance at beginning of the year	21 410 239	17 292 960
Contributions to allowance	4 074 806	5 742 254
Debt impairment written off against allowance	(1 948 689)	(1 624 975)
	<u>23 536 356</u>	<u>21 410 239</u>
Reconciliation of allowance for impairment: Traffic Fines		
Balance at beginning of the year	24 835 760	48 404 642
Contributions to allowance	27 321 802	33 740 152
Debt impairment written off against allowance	(26 571 340)	(57 309 034)
	<u>25 586 222</u>	<u>24 835 760</u>

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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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 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 92.86% (2021:95%).

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	3,24%	7,93%
Section 56 Notice	21,05%	31,10%
Traffic Management Technologies	100%	28,41%
Provincial Authority	9,19%	10,91%

6. Other receivables from non exchange transactions

Gross balance

Availability Charges	14 640 252	11 665 802
Traffic revenue receivable	24 670	24 670
Grant receivable	-	3 085 540
	14 664 922	14 776 012

Less: Allowance for impairment

Availability charges	(12 770 334)	(9 966 152)
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Net balance

Availability charges	1 869 918	1 699 650
Traffic revenue receivable	24 670	24 670
Grant receivable	-	3 085 540
	1 894 588	4 809 860

Availability charges

Current (0 -30 days)	632 538	573 894
31 - 60 days	368 587	1 189 257
61 - 90 days	346 152	220 403

BREED VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
6. Other receivables from non exchange transactions (continued)		
91 - 120 days	335 718	207 672
121 - 365 days	12 957 258	9 474 486
Less: Provision for impairment	(12 770 334)	(9 966 152)
	1 869 919	1 699 560
Summary of receivables by customer classification		
Consumers		
Current (0 -30 days)	632 538	573 984
31 - 60 days	368 587	1 189 257
61 - 90 days	346 152	220 403
91 - 120 days	335 718	207 672
121 - 365 days	12 957 258	9 474 486
	14 640 253	11 665 802
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)	632 538	573 984
31 - 60 days	368 587	1 189 257
61 - 90 days	346 152	220 403
91 - 120 days	335 718	207 672
121 - 365 days	12 957 258	9 474 486
	14 640 252	11 665 802
Less: Allowance for impairment	(12 770 334)	(9 966 152)
	1 869 919	1 699 649
Less: Allowance for impairment : Availability Charges		
Current (0 -30 days)	-	-
31 - 60 days	(336 028)	(1 068 564)
61 - 90 days	(315 574)	(198 035)
91 - 120 days	(306 062)	(186 596)
121 - 365 days	(11 812 670)	(8 512 957)
	(12 770 334)	(9 966 152)
Total receivables past due but not impaired: Availability Charges		
31 - 60 days	32 559	105 054
61 - 90 days	30 578	19 469
91 - 120 days	29 656	18 345
121 - 365 days	1 144 587	836 936
	1 237 380	979 804

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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6. Other receivables from non exchange transactions (continued)

Other receivables from non-exchange transactions impaired

As of 30 June 2022, other receivables from non-exchange transactions of R 12 770 334 (2021: R9 966 152) were impaired and provided for.

Reconciliation of allowance for impairment: Availability Charges

Balance at beginning of the year	(9 966 152)	(8 161 722)
Contributions to allowance	(2 853 612)	(1 865 812)
Debt impairment written off against allowance	49 431	61 382
	<u>(12 770 333)</u>	<u>(9 966 152)</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.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
7. Other receivables from exchange transactions		
Loans granted	4 767	4 837
Other receivables	2 026 836	524 599
PAYE	1 145 403	1 145 403
Prepaid expenses	5 220 526	5 515 182
Recoverable expenses	476 705	432 660
Auxiliaries	93 255	-
Interest receivable	516 345	339 580
Less: Allowance for impairment	(51 759)	(3 848)
	9 432 078	7 958 413

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

Reconciliation of allowance for impairment

Opening Balance	(3 848)	(6 086)
Increase in provision for the year	(47 911)	2 238
	(51 759)	(3 848)

8. Inventories

Consumable stores	11 080 679	7 956 216
Water stock	740 704	689 084
	11 821 383	8 645 300

Inventories recognised as an expense during the year	10 079 952	16 001 470
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Inventory pledged as security

None of the above Inventory has been pledged as security.

9. Operating lease asset (accrual)

Lease asset	361 087	419 027
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Operating leases - as lessor (income)

Certain of the municipality's properties 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 decreased year income of R57 940 (2021: Increase of R41 524).

Minimum lease payments due

-within one year	75 173	527 333
-in second to fifth year inclusive	145 705	207 108
	220 878	734 441

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10. Short term investments

Other fixed deposits	91 794 251	101 414 454
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Current assets

Short term portion of investment	91 794 251	101 414 454
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Short term fixed deposits are made with various banks for a period from 1 - 12 months. The interest rates earned vary between 4.13 % and 6.60% per annum.

11. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	63 636 633	-	63 636 633	63 875 500	-	63 875 500

Reconciliation of investment property - 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	63 875 500	(1 733 367)	1 494 500	63 636 633

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

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.

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11. Investment property (continued)

Details of valuation

The effective date of the revaluations was Thursday, 30 June 2022. 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	542 038	295 599
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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	-	-
	-	-

Repairs and maintenance per nature of expenditure

Contracted Services	-	-
	-	-

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12. Property, Plant and Equipment

	2022				2021			
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value		
Buildings	341 043 101	(196 619 071)	144 424 030	334 100 728	(190 827 700)	143 273 028		
Infrastructure	3 184 856 182	(1 249 201 338)	1 935 654 844	3 071 223 805	(1 177 279 283)	1 893 944 522		
Land	229 870 137	-	229 870 137	230 882 268	-	230 882 268		
Other property, plant and equipment	157 139 965	(67 382 119)	89 757 846	135 829 957	(57 404 169)	78 425 788		
Total	3 912 909 385	(1 513 202 528)	2 399 706 857	3 772 036 758	(1 425 511 152)	2 346 525 606		

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Other changes, movements	Depreciation	Total
Buildings	143 273 028	8 105 846	(508 141)	(109 551)	-	(6 337 152)	144 424 030
Infrastructure	1 893 944 521	115 048 874	-	(1 416 497)	-	(71 922 055)	1 935 654 843
Land	230 882 268	-	(1 012 130)	-	-	-	229 870 138
Other property, plant and equipment	78 425 788	19 942 609	(44 154)	109 550	1 554 723	(10 230 670)	89 757 846
	2 346 525 605	143 097 329	(1 564 425)	(1 416 498)	1 554 723	(88 489 877)	2 399 706 857

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	98 166 499	6 779 030	(1 100 098)	-	(15 227 364)	(10 192 280)	78 425 787
	2 330 355 967	124 587 687	(3 572 530)	(1 160 722)	(15 227 364)	(88 457 433)	2 346 525 605

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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:

Buildings	464 544	10 723 136
Infrastructure	371 585 616	312 059 096
Other Assets	76 800	76 800
	372 126 960	322 859 032

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

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

Repairs and maintenance per allocation to asset type

Infrastructure	36 946 998	32 869 365
General Vehicles	8 439 141	7 895 712
Plant and Equipment	6 477 014	3 322 511
Furniture and other Office Equipment	2 110 616	3 674 852
Other Building	6 925 908	6 035 494
	60 899 677	53 797 934

Repairs and maintenance per nature of expense

Contracted Services	44 109 460	31 034 647
Labour	2 599 969	11 110 472
Material	14 190 248	11 652 815
	60 899 677	53 797 934

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 52.

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.

BREEDE VALLEY MUNICIPALITY

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	2022	2021
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13. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 088 817	(751 467)	337 350	1 088 817	(717 804)	371 013
Right of use of water	4 275 264	(598 882)	3 676 382	4 275 264	(556 130)	3 719 134
Total	5 364 081	(1 350 349)	4 013 732	5 364 081	(1 273 934)	4 090 147

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	371 014	(33 662)	337 352
Right of use of water	3 719 133	(42 752)	3 676 381
	4 090 147	(76 414)	4 013 733

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

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

	2022			2021		
	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 2022

	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 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

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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Figures in Rand	2022	2021
15. Long term receivables		
Housing selling schemes loans		
Housing selling schemes	83 203 (49 037)	89 359 (50 310)
	34 166	39 049
Housing loans - personnel		
Housing personnel	58 971	112 936
Arrangements		
Arrangements	11 563 849	10 161 201
Less: Provision for impairment	(6 896 540)	(5 815 135)
	4 667 309	4 346 066
Less: Current portion transferred to current receivables		
Housing selling schemes	(4 700)	(5 140)
Housing personnel	(6 258)	(6 258)
Arrangements	(5 300 555)	(4 283 213)
	(5 311 513)	(4 294 611)
Less: Current Portion of allowance for impairment transferred to current receivables		
Housing selling schemes	(2 770)	(2 894)
Arrangements	(3 161 187)	(2 451 232)
	(3 163 957)	(2 454 126)
Non-current assets		
Long term receivables- non current portion	2 612 889	2 657 566
Long term receivables - current portion	2 147 556	1 840 485
	4 760 445	4 498 051

BREED VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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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 2022 long term receivables of R 3 781 620 (2021: R3 411 319) 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	36 960	36 960
Ex Retentions	290 039	290 039
Other payables	4 254 512	2 867 925
Payments received in advance	8 366 510	10 394 166
Retentions	8 817 605	7 112 654
Sundry deposits	840 999	754 315
Trade payables	102 330 347	81 091 701
	124 936 972	102 547 760

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Figures in Rand	2022	2021
17. Consumer deposits		
Electricity	2 189 515	2 057 085
Water	2 397 658	2 309 626
	4 587 173	4 366 711
Guarantees		
Guarantees held in lieu of Electricity and Water deposits	20 500	20 500
<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	4 227 344	4 195 613
Movement during the year		
Balance at the beginning of the year	4 195 613	19 739 244
Total Government receipts	210 839 429	217 727 484
Conditions met- capital grants	(55 755 517)	(53 382 663)
Conditions met- operating grants	(152 976 423)	(168 007 239)
Included in other receivables	(3 085 540)	3 085 540
From other receivables	1 009 782	(14 966 753)
	4 227 344	4 195 613
<p>The allocations and subsidies received from National and Provincial Government as well the District Municipality, have been deposited into the Council's own bank account. The allocations received have been utilised in accordance with the conditions set. Where all the conditions have not yet been met, the total allocations have not been utilised. The outstanding conditions will be met prior to/ or when the balance of the allocations is utilised. The percentage of the allocations utilised is an indication of the conditions met. Where the total of the allocations were utilised, all the conditions have been met. Also refer to Appendix D for further detail regarding unspent conditional grants.</p>		
19. Long term liabilities		
At amortised cost		
Annuity loans	184 183 358	197 586 526
	184 183 358	197 586 526
Total other financial liabilities	184 183 358	197 586 526
Non-current liabilities		
At amortised cost	164 603 202	179 138 853
Current liabilities		
At amortised cost	19 580 156	18 447 673

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20. Employee benefit obligation

Reconciliation of employee benefits - 2022	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	162 505 000	(7 236 630)	(6 696 370)	148 572 000
Long service awards	21 518 000	(1 029 731)	(1 579 269)	18 909 000
Performance bonus	1 037 177	1 037 177	(1 037 177)	1 037 177
Staff leave accrual	32 102 956	1 595 764	(2 472 856)	31 225 864
13th cheque accrual	6 418 350	512 565	-	6 930 915
	223 581 483	(5 120 855)	(11 785 672)	206 674 956

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

Non-current employee benefits

Provision for Post-retirement medical aid benefits	141 663 000	155 411 600
Long service awards	16 872 000	19 848 897
	158 535 000	175 260 497

Current employee benefits

Provision for Post-retirement medical aid benefits	6 909 000	7 093 400
Long service awards	2 037 000	1 669 103
Performance bonus	1 037 177	1 037 177
Staff leave accrual	31 225 865	32 102 956
13th cheque accrual	6 930 917	6 418 350
	48 139 959	48 320 986

Post-Retirement medical aid benefit: Movements

Opening balance	162 505 000	141 036 000
Benefits paid	(6 696 370)	(6 473 374)
Net expense recognised	(7 236 630)	27 942 374
	148 572 000	162 505 000

Post-Retirement medical aid benefit: Net expense recognised

Current service cost	5 613 000	4 779 000
Interest cost	20 136 000	21 307 000
Actuarial losses/(Gains)	(32 985 630)	1 856 374
	(7 236 630)	27 942 374

Long service awards: Movements

Opening balance	21 518 000	19 231 000
Benefits paid	(1 579 269)	(2 209 570)
Net expense recognised	(1 029 731)	4 496 570
	18 909 000	21 518 000

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20. Employee benefit obligation (continued)

Long service awards: Net expense recognised

Current service cost	1 520 000	1 361 000
Interest cost	2 273 000	2 318 000
Actuarial losses/(Gains)	(4 822 731)	817 570
	(1 029 731)	4 496 570

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 2022: 69% (2021: 72%) 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 2022: 12.20 % (2021:14.57%) 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. Chanan Weiss (BSc FASSA) from ARCH Actuarial Consultants was the expert for the valuation. The key assumptions used by the experts are listed below for the last valuation on 30 June 2022:

Post Retirement Medical Aid Benefit: Discount rate	11,80 %	12,01 %
Post Retirement Medical Aid Benefit: Healthcare cost inflation	8,42 %	8,62 %
Long service awards: Discount rates	Yield curve	Yield curve
Long service awards: Discounts salary inflation	CPI+1%	CPI+1%

The nominal and real zero curves as at 30 June 2022 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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20. 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	170 482 000	130 656 000

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	1 650 000
Effect on defined benefit obligation	20 071 000	17 855 000

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 2020.

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 2021.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2021

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 34 943 794 (2021: R 34 080 106).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R1 124 750 (2021: R1 531 887).

Contributions to medical aid funds

Contributions to medical aid funds for employees	20 882 328	20 099 374
Contributions to medical aid funds for councillors	236 605	311 003
Contributions to medical aid funds for pensioners	6 696 370	6 473 374
	27 815 303	26 883 751

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20. Employee benefit obligation (continued)

Consolidated Retirement Fund

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 2021 revealed that the funding level of the share account was 100.5 % and the pension account was 133.0%. At the valuation date the municipality had 823 members (Fund: 51 583 members) and nil pensioners (Fund: 516 pensioners) belonging to the fund.

21. Provisions: Landfill Site

Reconciliation of provisions - 2022

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	61 698 272	(12 440 851)	-	5 966 756	55 224 177
Closure site	2 944 160	-	140 611	-	3 084 771
	64 642 432	(12 440 851)	140 611	5 966 756	58 308 948

Reconciliation of provisions - 2021

	Opening Balance	Change in estimates	Closure Cost	Unwinding of the discount	Total
Provision for the rehabilitation of landfill site	70 121 818	(14 130 175)	-	5 706 629	61 698 272
Closure site	2 740 663	-	203 497	-	2 944 160
	72 862 481	(14 130 175)	203 497	5 706 629	64 642 432

Non-current liabilities	55 224 177	61 698 272
Current liabilities	3 084 771	2 944 160
	58 308 948	64 642 432

The provision for landfill site for De Doorns was done for a 16.83 year period and the Worcester site for a period of 15.08 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 5 966 756 (2021: R 5 706 629) 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 140 611 (2021: provision of R 203 497).

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22. Service charges		
Electricity	491 843 609	424 791 600
Water	101 432 999	93 942 471
Sewerage and sanitation	82 141 193	76 021 160
Refuse removal	42 858 737	42 154 994
	718 276 538	636 910 225

The above service charges are net of free basic services and rebates for the different services. The rebate amounts to R 59 013 954 (2021:53 195 991).

23. Sales of Goods and Rendering of Services

Advertisement	106 253	73 907
Building Plan Approval	1 577 316	1 287 314
Camping Fees	209 550	10 287
Cemetery and Burial	1 568 326	1 611 544
Clearance Certificate	232 321	238 651
Development Charges	822 023	4 917 736
Entrance Fees	1 175 753	6 917
Fire Services	339 714	142 769
Photocopies and Faxes	40 047	11 752
Prints	18 623	7 116
Tender Documents	7 000	9 000
Sub-division and Consolidation Fees	242 825	95 541
Recycling of Waste	10 806	10 416
Valuation Services	110 364	112 598
	6 460 921	8 535 548

24. Agency services

Vehicle Registration	9 061 357	9 415 961
Insurance	388 321	404 367
	9 449 678	9 820 328

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.

Reconciliation of the carrying amount of the receivable:

Opening balance	-	-
Revenue received	53 466 211	52 631 969
Payments made to the department	(53 466 211)	(52 631 969)
	-	-

25. Rental income

Premises		
Housing Rentals	4 078 759	4 230 934
Other rental revenue	2 604 843	2 248 391
	6 683 602	6 479 325

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26. Operational revenue		
Incidental Cash surpluses	1 819	1 130
Discounts and early settlements	-	62 390
Breakages and losses recovered	8 483	10 625
Administrative handling fees	3 782 237	5 385 993
Insurance refund	498 435	1 131 829
Merchandising jobbing and contracts	32 521	35 008
Municipal information and statistics	7 319	5 463
Staff Recoveries	90 330	143 313
Request for information	9 019	152
	4 430 163	6 775 903
27. Finance income		
Interest revenue		
Bank	11 227 441	9 357 596
Outstanding debtors	8 032 074	6 822 761
	19 259 515	16 180 357
28. Property rates		
Rates received		
Residential	82 243 492	74 278 791
Commercial	44 093 942	40 170 747
State	19 115 633	16 160 851
Small holdings and farms	16 400 876	15 111 986
Other	1 116 668	1 016 562
Industrial	10 066 285	9 237 569
	173 036 896	155 976 506
Valuations		
	R'000	R'000
Land	11 292 429	6 360 492
Improvements	21 573 537	18 293 403
	32 865 966	24 653 895

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 2021. 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 2022. 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 0.0077 c/R (2021: 0.9302 c/R) and for industrial and commercial sites at 1.5400 c/R (2021: 1.8603 c/R).

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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Figures in Rand	2022	2021
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29. Government grants and subsidies

Operating grants

Equitable share	131 552 000	145 330 000
Financial management grant	1 550 000	1 550 000
Other grants and donations	2 965 000	3 076 000
Provincial government	16 864 598	18 051 239
	<u>152 931 598</u>	<u>168 007 239</u>

Capital grants

Capital grants	55 755 517	53 382 663
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Total Government grants & subsidies

<u>208 687 115</u>	<u>221 389 902</u>
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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	131 552 000	145 330 000
Conditions met - transferred to revenue	(131 552 000)	(145 330 000)
	<u>-</u>	<u>-</u>

Financial Management Grant

Balance unspent at beginning of year	-	-
Current-year receipts	1 550 000	1 550 000
Conditions met - transferred to revenue	(1 550 000)	(1 550 000)
	<u>-</u>	<u>-</u>

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

EPWP

Balance unspent at beginning of year	-	-
Current-year receipts	2 965 000	3 076 000
Conditions met - transferred to revenue	(2 965 000)	(3 076 000)
	<u>-</u>	<u>-</u>

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

Housing projects

Balance unspent at beginning of year	2 550 143	3 804 824
Current-year receipts	328 000	-
Conditions met - transferred to revenue	(372 825)	(1 230 217)
Other	-	(24 464)
	<u>2 505 318</u>	<u>2 550 143</u>

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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29. Government grants and subsidies (continued)

LGWSETA Staff Development Grant

Balance unspent at beginning of year	-	-
Current-year receipts	704 311	456 944
Conditions met - transferred to revenue	(704 311)	(456 944)
Other	-	-
	<u>-</u>	<u>-</u>

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

Provincial government

Balance unspent at beginning of year	507 454	1 083 112
Current-year receipts	15 489 981	13 370 714
Conditions met - transferred to revenue	(15 245 337)	(15 864 078)
Other	-	1 917 706
	<u>752 098</u>	<u>507 454</u>

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

Cape Winelands

Balance unspent at beginning of year	520 000	100 000
Current-year receipts	962 000	1 020 000
Conditions met - transferred to revenue	(586 951)	(500 000)
Other	-	(100 000)
	<u>895 049</u>	<u>520 000</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	618 016	14 751 308
Current-year receipts	57 360 000	52 923 826
Conditions met - transferred to revenue	(55 755 517)	(53 382 663)
Other	(2 147 621)	(13 674 455)
	<u>74 878</u>	<u>618 016</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

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
30. Fines, penalties and forfeits		
Damaged meters	139 935	271 729
Library	8 320	3 115
Traffic fines	28 592 864	30 028 922
	28 741 119	30 303 766
31. Employee related costs		
Basic	205 764 989	194 507 939
Group life insurance	2 857 086	2 383 646
Bonus	15 783 805	15 741 425
Medical aid contributions	27 578 699	26 578 754
Unemployment Insurance Fund	1 580 791	1 643 541
Service Related Benefits	26 317 737	30 619 345
Travel and car allowances	10 464 447	9 243 715
Overtime payments	23 192 512	21 115 503
Acting allowances	2 053 179	2 044 155
Housing benefits and allowances	1 612 661	2 214 195
Other Allowances	8 376 443	9 564 401
Contribution to employee benefits	35 535 390	34 662 342
	361 117 739	350 318 961
Municipal Manager: D Mc Thomas		
Annual Remuneration	1 406 964	1 540 628
Car Allowance	221 666	95 000
Performance Bonuses	237 800	237 800
Contributions to UIF, Medical and Pension Funds	57 074	51 735
Group life insurance	14 767	12 994
	1 938 271	1 938 157
Chief Financial Officer: R Ontong		
Annual Remuneration	952 148	1 046 031
Car Allowance	304 528	158 880
Performance Bonuses	199 844	199 844
Contributions to UIF, Medical and Pension Funds	210 807	210 991
Group life insurance	15 135	13 332
	1 682 462	1 629 078

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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31. Employee related costs (continued)

Director - Engineering Services: J Steyn

Annual Remuneration	1 187 459	1 187 459
Car Allowance	240 000	240 000
Performance Bonuses	199 844	199 844
Contributions to UIF, Medical and Pension Funds	1 898	1 785
	1 629 201	1 629 088

Director - Strategic Support Service: R Esau

Annual Remuneration	888 405	987 248
Car Allowance	322 202	205 972
Performance Bonuses	199 844	199 844
Contributions to UIF, Medical and Pension Funds	228 389	236 024
Group life insurance	13 589	12 587
	1 652 429	1 641 675

Director Public Services: D. Naidoo

Annual Remuneration	284 590	-
Car Allowance	52 754	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	708	-
	338 052	-

Community Service Director: S. Swartz

Annual Remuneration	1 021 470	981 415
Car Allowance	192 000	192 000
Performance Bonuses	199 844	173 778
Contributions to UIF, Medical and Pension Funds	201 087	181 677
Group life insurance	14 801	12 089
	1 629 202	1 540 959

Employee costs as percentage of total expenditure for 2022 is 33.57% (2021:35.46 %). 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.

32. Remuneration of councillors

Executive mayor	812 757	805 252
Deputy Executive Mayor	660 672	570 539
Chief whip	660 919	558 924
Speaker	629 276	645 486
Mayoral committee members	4 737 126	4 966 418
Councillors	9 453 125	9 031 774
Councillors pension contribution	1 124 750	1 531 887
Councillors medical aid contribution	236 605	311 003
	18 315 230	18 421 283

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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32. Remuneration of councillors (continued)

Election of new council:

Breede Valley Municipality is a Section 9(d) municipality with an Executive Mayoral System with a Ward Participatory System.

Besides the Executive Mayor and Deputy Executive Mayor, the Municipality has 8 Mayoral Committee members and 41 Councillors of which 21 are ward councillors and 20 are proportionally elected councillors.

During the council meeting dated 17 November 2021 Ald JF Van Zyl has been elected as Speaker, Ald A.Steyn has been re-elected as Executive Mayor and Ald J Von Willingham as Deputy Executive Mayor. Ald P.H Marais has been appointed as Chief Whip.

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

Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
A Steyn	683 103	129 655	134 714	947 472
Deputy Executive Mayor				
EY Sheldon	209 723	15 787	44 527	270 037
JJ Von Willingham	368 384	66 779	57 331	492 494
	578 107	82 566	101 858	762 531
Speaker				
NP Mecuur	76 607	10 152	15 321	102 080
JP Kritzingier	112 403	9 047	22 288	143 738
JF Van Zyl	384 663	36 405	69 986	491 054
	573 673	55 604	107 595	736 872
Chief Whip				
Goedeman	171 777	26 538	54 490	252 805
PH Marais	436 311	26 293	-	462 604
	608 088	52 831	54 490	715 409
Mayco Members				
F Vaughan	261 423	17 000	19 607	298 030
R Farao	195 258	27 270	37 599	260 127
JP Kritzingier	460 247	38 849	90 381	589 477
SJ Mei	201 246	26 866	23 857	251 969
WR Meiring	565 348	46 807	111 444	723 599
M Sampson	173 941	35 541	42 847	252 329
E van der Westhuizen	474 139	48 963	79 109	602 211
JF Van Zyl	202 741	21 186	36 200	260 127
JJ Von Willingham	201 107	39 721	19 299	260 127
VA Bedworth	373 893	26 293	62 229	462 415
JR Jack	385 824	42 737	36 872	465 433
N Nel	377 708	49 869	39 283	466 860
PC Ramokhabi	416 856	26 293	23 207	466 356
	4 289 731	447 395	621 934	5 359 060

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand			2022	2021
32. Remuneration of councillors (continued)				
Councillors				
MN Bushwana	81 570	30 639	5 891	118 100
EN Isaacs	94 398	22 183	1 519	118 100
C Ismail	87 461	30 639	-	118 100
JR Jack	93 468	21 614	-	115 082
J Jafta	100 576	15 787	-	116 363
P Langata	98 931	15 787	1 645	116 363
ZM Mangali	98 659	14 507	4 934	118 100
T Maridi	93 559	15 787	7 017	116 363
ESC Matjan	13 411	955	1 006	15 372
SM Mkhiwane	93 998	15 787	6 578	116 363
VI Mngcele	88 421	15 787	11 920	116 128
CM Mohobo	95 642	15 787	4 934	116 363
N Nel	109 766	27 670	5 760	143 196
A Pietersen	94 862	18 055	5 183	118 100
PC Ramokhabi	88 823	14 507	11 018	114 348
J Robinson	100 576	15 787	-	116 363
IL Tshabile	86 205	23 692	6 465	116 362
P Tyira	84 444	31 919	-	116 363
E van der Westhuizen	39 116	7 866	6 963	53 945
W Vrolick	100 576	15 787	-	116 363
TM Wehr	84 444	31 919	-	116 363
NP Williams	87 546	20 075	8 742	116 363
MT Williams	86 483	14 507	17 110	118 100
CF Wilskut	97 015	14 507	6 578	118 100
NJ Wullschleger	96 576	14 507	7 017	118 100
MR Jacobs (Solomons)	100 576	15 787	-	116 363
LG Willemse	95 021	14 507	8 572	118 100
TP McThomas	95 642	15 787	4 934	116 363
KDG Benjamin	93 998	15 787	6 578	116 363
F Vaughan	96 576	14 507	7 017	118 100
Schneider	45 692	20 436	-	66 128
WM Blom	187 763	26 293	-	214 056
MN Bushwana	147 463	55 533	10 728	213 724
GL Daames	187 763	26 293	-	214 056
R Farao	137 191	49 426	26 645	213 262
M Goedeman	177 599	26 293	9 917	213 809
EN Isaacs	164 439	40 206	9 164	213 809
C Ismail	158 523	55 533	-	214 056
RT Johnson	177 599	26 293	9 917	213 809
J Joseph	175 905	26 293	11 561	213 759
J Judge	187 763	26 293	-	214 056
SK Madlolo	187 763	26 293	-	214 056
ZM Mangali	182 681	26 293	4 983	213 957
TS Manuel	175 905	26 293	11 561	213 759
SJ Mei	174 754	31 314	22 621	228 689
JM Mokgosi	187 763	26 293	-	214 056
CT Nyithana	187 763	26 293	-	214 056
J Pieters	187 763	26 293	-	214 056
A Pietersen	168 681	32 724	12 319	213 724
O Ralehoko	187 763	26 293	-	214 056
M Sampson	145 411	49 559	26 884	221 854
TP Sibozo	187 763	26 293	-	214 056
SS Steenberg	187 763	26 293	-	214 056
M Swartz	187 763	26 293	-	214 056
HC Titus	223 911	26 293	14 837	265 041
F Vaughan	69 797	9 293	2 851	81 941
LG Willemse	187 763	26 293	-	214 056
MT Williams	187 763	26 293	-	214 056

BREEDE VALLEY MUNICIPALITY

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32. Remuneration of councillors (continued)				
CF Wiskut	180 987	26 293	6 628	213 908
NJ Wullschleger	174 663	26 293	12 768	213 724
LR Yayi	187 763	26 293	-	214 056
	7 988 222	1 464 902	340 765	9 793 889
33. Debt impairment				
Impairments				
Receivables from exchange transactions			48 571 663	38 043 481
Receivables from non-exchange transactions			32 224 761	39 086 419
			80 796 424	77 129 900
34. Depreciation and amortisation				
Property, plant and equipment			88 489 877	88 457 434
Amortisation: Intangible assets			76 414	91 383
Impairment			-	-
			88 566 291	88 548 817
35. Bulk purchases				
Electricity - Eskom			383 068 449	328 878 664
36. Finance costs				
External borrowings			20 973 934	22 350 843
37. Contracted services				
Consultants and Professional Services				
Accounting and Auditing			2 625 718	3 301 711
Audit Committee			94 850	68 700
Human Resources			8 250	57 624
Legal Advice and Litigation			1 097 569	2 196 578
Medical Examinations			20 690	28 251
Research and advisory			940 412	526 112
Infrastructure and planning			-	11 550
			4 787 489	6 190 526
Outsourced Services				
Administrative and Support Staff			211 832	213 986
Alien Vegetation Control			671 630	1 672 793
Animal Care			-	-
Burial Services			1 244 960	807 050
Business and Advisory			277 524	261 168
Commissions and Committees			-	-
Call Centre			47 400	30 800
Catering Services			192 611	36 860
Clearing and Grass Cutting Services			928 285	494 959
Cleaning Services			13 000	-
Drivers Licence Cards			696 780	667 155
Litter Picking and Street Cleaning			3 401 314	1 475 231
Hygiene Services			270 575	256 368

BREEDE VALLEY MUNICIPALITY

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Figures in Rand	2022	2021
37. Contracted services (continued)		
Meter Management	-	1 021 511
Personnel and Labour	22 136 039	12 865 111
Refuse Removal	1 517 209	1 460 943
Sewerage Services	7 464 423	3 123 897
Security Services	18 592	18 984
Translators Scribes and Editors	104 742	72 601
Traffic Fines Management	-	-
Valuer	1 067 643	1 032 251
Transport Services	101 496	58 050
	40 366 055	25 569 718
Contractors		
Catering Services	19 295	-
Electrical Services	11 155 009	5 618 450
Employee Wellness	-	-
Event Promoters	1 296 819	321 740
Gardening Services	77 925	91 444
Graphic Designers	11 700	-
Maintenance of Buildings and Facilities	3 646 902	2 895 474
Maintenance of Equipment	10 695 295	6 254 536
Maintenance of Unspecified Assets	11 934 391	10 650 263
Medical Services	5 685	60 891
Municipal services	-	-
Pest Control and Fumigation	7 393	12 000
Plants Flowers and Other Decorations	4 790	2 930
Prepaid Electricity Vendors	1 198 753	3 027 850
Tracing Agents and Debt Collectors	234 856	88 654
Safeguard and Security	11 408 329	12 377 326
Mint of decorations	-	4 565
	51 697 142	41 406 123
	96 850 686	73 166 367

BREEDE VALLEY MUNICIPALITY

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Figures in Rand	2022	2021
38. Grants and subsidies paid		
Other subsidies		
Grants in aid	3 581 533	4 452 402
39. Operational cost		
Achievements and Awards	235 678	337 839
Advertising, Publicity and Marketing	494 997	426 407
Assets less than the Capitalisation Threshold	318 336	74 586
Drivers Licences and Permits	10 442	13 175
Bank Charges	1 832 554	1 564 725
Bargaining Council	108 056	118 293
Cleaning services	17 174	38 466
Communication - Postage/Stamps	1 575 764	1 464 874
Communication - Telephone and fax	1 740 041	1 944 993
Courier and Delivery Services	507	478
Entertainment	8 053	7 665
External Audit Fees	2 723 915	3 306 736
External Computer Service	13 600 038	9 549 777
Resettlement Cost	8 150	-
Full Time Union Representative	53 326	152 205
Hire Charges	6 751 428	4 098 946
Insurance (Premiums)	4 419 025	4 407 432
Insurance (excess payments)	352 180	170 890
Learnerships and Internships	1 517 909	2 700 131
Licences (Radio and Television)	7 755	7 243
Motor Vehicle Licence and Registrations	956 908	986 821
Storage and archiving	-	5 648
Municipal Services	2 135 522	1 810 939
Printing Publications and Books	61 976	56 874
Professional Bodies Membership and Subscription	3 387 432	3 732 568
Provisions for rehabilitation of landfill sites	6 107 367	5 076 999
Registration fees	20 149	29 975
Remuneration to Ward Committees	787 050	1 109 300
Vehicle Tracking	214 080	-
Protective clothing	1 730 069	1 618 580
Skills Development Fund Levy	3 679 297	2 683 890
Travel and Subsistence	258 537	54 924
Water Resource Management Charges	1 487 878	760
Workmen's Compensation Fund	3 766 399	1 642 442
Bursaries	1 605 423	1 441 928
System Access and Information Fees	28 940	45 297
Communication - SMS Bulk Message Service	122 330	216 450
	62 124 685	50 898 256
40. Agency fees paid		
Prepaid electricity - Syntell	3 298 669	7 636 140
Prepaid electricity - Ontec	1 892 474	-
Easypay	358 867	496 016
	5 550 010	8 132 156

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

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40. Agency fees paid (continued)

The Municipality is the principal in arrangements with various service providers. The following service providers acted as agents on behalf of the municipality:

Prepaid electricity vending:

The municipality is the principal in arrangements with different service providers who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction. Syntell acted as an agent on behalf of the municipality up until 31 October 2021 after which Ontec has been appointed by the municipality to act on its behalf.

Easypay:

Easypay has been appointed by the municipality to act as an agent in the 3rd party collection of municipal services. All monies collected by Easy pay are paid over to the municipality. Easypay issue an invoice to the municipality for the transaction fees owed to them.

There are no resources of the municipality under custodianship of the agents.

There are no cost implication for the municipality at termination of the contracts.

BREED VALLEY MUNICIPALITY

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41. Fair value adjustments		
Fair value adjustment on investment property	1 494 500	16 456 814
Other financial assets		
• Discounting of long term receivables: Movement for the year	(258 875)	360 118
	1 235 625	16 816 932
42. Service related benefits		
Performance Bonus	1 037 178	1 037 177
Post retirement medical aid benefit	(13 933 000)	21 469 000
Long service awards	(1 029 731)	4 496 570
Provision for leave payments	1 595 764	6 404 764
Provision for 13th cheques	512 565	(114 222)
Actuarial gain/(loss)	37 808 361	(2 673 944)
In kind benefits : Senior Management	326 600	-
	26 317 737	30 619 345
43. Cash generated from operations		
Surplus	51 982 390	52 784 162
Adjustments for:		
Depreciation, amortisation and impairment	88 566 292	88 548 817
Loss/ (Profit) on sale of assets and liabilities	2 085 040	(3 994 229)
Loss/(Profit) on disposal of investment property	-	60 500
Carrying value of PPE - derecognised	1 212 752	3 572 530
Fair value adjustments	(1 235 625)	(16 816 932)
Operating lease straight lining	57 940	(41 524)
Finance income	-	(994 550)
Finance costs	-	(324 691)
Debt impairment	80 796 424	77 569 250
Actuarial gain/loss	(37 808 361)	2 673 944
Movements in retirement benefit assets and liabilities	32 687 506	37 092 718
Movements in provisions	-	(131 183)
Rehabilitation	(7 888 196)	4 274 369
Inventory losses	(44 798)	(99 382)
Donated assets	-	(799 540)
Other non-cash items	14 310 800	4 973 737
Changes in working capital:		
Inventories	(3 131 287)	2 659 255
Receivables from exchange transactions	(54 029 877)	(33 175 738)
Receivables from non-exchange transactions	(33 988 906)	(33 235 951)
Construction contracts and receivables	(1 355 517)	-
Short term investments	(1 794 251)	-
Interest	5 044 505	-
Other receivables from non exchange	1 441 606	(1 745)
Payables from exchange transactions	16 738 417	2 366 602
Unspent conditional grants and receipts	31 731	(15 543 631)
(Decrease) / Increase in Housing advances	-	(2 039 797)
Employee benefit obligation	(11 785 670)	(11 553 629)
	141 892 915	157 823 362

BREEDE VALLEY MUNICIPALITY

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Figures in Rand	2022	2021
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44. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Infrastructure	178 275 076	15 755 602
• Community	-	-
	178 275 076	15 755 602

Total capital commitments

Already contracted for but not provided for	178 275 076	15 755 602
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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	52 354 411	-
Government grant	80 432 106	507 636
Capital replacement reserve	45 488 559	15 247 966
	178 275 076	15 755 602

45. Contingent liabilities

Guarantees

Guarantee Eskom (Nedbank)	63 400	63 400
Guarantee South Africa Post Office Limited (Nedbank)	180 000	180 000
	243 400	243 400

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
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.	1 098 049	6 544 459
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
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
	-	-
Cartrack / BVM - The plaintiff is claiming the amount for fleet services rendered to the municipality,	433 876	433 876
Belani & Matolla / BVM - Permanent disability and death claim dispute	700 000	-
BVM/Dippenaar Trust - Walling Project	4 309 990	-
	37 596 523	40 071 492

BREED VALLEY MUNICIPALITY

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Figures in Rand 2022 2021

46. Disclosures made in terms of Supply Chain Management Regulation 46

The following disclosures were made in terms of Supply Chain Management Regulation 46.

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

Company name	Name of Directors with related parties	Related Party	Related Party relationship	Related party employment details		
DJ X-Zito	Xolile Vas	Nonthando Vas	Spouse of Xolile Vas	HR Clerk at Breede Valley Municipality	-	19 890
TH Traders	Trevor Human	Deon Human	Brother of Deon Human	Storeman Public Works at the Breede Valley Municipality	-	24 670
Golimas	Goliath Jacobs	Brumilda Jacobs	Daughter of Goliath Jacobs	Internal Auditor at the Breede Valley Municipality	128 949	45 522
Hexvallei Sekuriteit BK	Marius Pheifer	Marinda Pheifer	Spouse of Marius Pheifer	Senior Clerk: Revenue at the Breede Valley Municipality	4 636	19 470
Harry's Upholstery	Willie DuToit	Bertronice April	Daughter of Willie DuToit	Traffic Officer at Breede Valley Municipality	-	6 210
Nuop (Pty) Ltd	Gerald Cremon	Danielle Opperman	Spouse of Gerald Cremon	Storekeeper at the Breede Valley Municipality	845 913	363 686
CJ Nasson Maintenance	Cecil Jacobus Nasson	Jeswill Nasson	Son of Cecil Jacobus Nasson	General Worker at the Breede Valley Municipality	153 100	207 005
Worcester breakdown and recovery	Ceraj Ismail	Adeeb Ismail	Brother of Ceraj Ismail	Fireman at Breede Valley Municipality	-	323 611
Lynette Minaar Psychologist K2020067664 (SOUTH AFRICA) T/A GR Cleaning and Supply	Lynette Minaar	Melissa Kafaar	Daughter of Lynette Minaar	Superintendent at solid waste Breede Valley Municipality	-	650
	Gerald Leisa	Letitia Leisa	Sister of Gerald Leisa	Senior Clerk SCM at Breede Valley Municipality	400 851	-
					1 533 449	1 010 714

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

Company name	Name of Directors with related parties	Related Party	Related Party relationship	Related party employment details		
LEOS Foundation	Tesna Palvie	Gerhard Palvie	Spouse of Tesna Palvie	Gerhard Palvie is an employee at the City of Cape Town	Rate based	-
Kemanzi (Pty) Ltd	Hazel Du Toit	Jeremy DuToit	Husband of Hazel DuToit	Traffic Inspector at City of Cape Town	-	170 025
Excellence Bodyworks	Ndudumo Elliot Fonk	Prudence Memani	Daughter of Ndudumo Elliot Fonk	Bitou Municipality	-	1 900

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46. Disclosures made in terms of Supply Chain Management Regulation 46 (continued)						
Vuyani Electrical Supplies Engineering Advice	Julia Aghulas	Marvin Aghulas	Son of Julia Aghulas	Electrician at the City of Cape Town	173 167	141 532
		Shaun Westenberg	Brother	Mosselbay Municipality	-	46 023
						-
					173 167	359 480

Awards and payments to persons with relatives in other state departments :

Company name	Name of Directors with related parties	Related Party	Related Party Relationship	Related party employment details		
Fairbridges Werheim Becker Attorneys Masiqhame Trading 77 cc	Adela Petersen	Saheed Hofmeester	Brother of Adela Petersen	Educator at the Western Cape Education Department	Rate based	411 349
	Sandile Gxilishe	Bongiwe Gxilishe	Daughter of Sandile Gxilishe	Officer at Department of Agriculture and Forestry	Rate based	9 544
Sannicare cc	Izak Majiet	Charlton Majiet	Son of Izak Majiet	Supervisor at the Department of Transport	-	1 014 478
Total Client Services	Lindikhaya Sipoyo	Rachel Tsipa-Sipoyo	Spouse of Lindikhaya Sipoyo	CEO at the Western Cape Department of Transport	Rate based	283 763
XKK Corporation (Pty) Ltd	Xola Magwevana	Noxolo Magwevana	Sister to Xola Magwevana	Correctional Officer at the Department of Correctional Services	72 585	95 460
Fancy Affairz	Ash Maharaj	Clarke Marais	Spouse of Ash Maharaj	Police Officer at the South African Police Service	4 800	1 890
ADK General Services		Dunheel Khanje	Spouse	SAPS Paarl	-	33 997
Elton Shortles Attorneys Inc	Elton Shortles	Anthea Shortles	Spouse of Elton Shortles	Lecturer at the CPUT	Rate based	74 635
Canopy Country BK	Schalk Fourie	Madeline Fourie	Daughter of Schalk Fourie	Clerk at Department of Health	54 631	1 702
EL Zeeck Construction and Services	Elton Phukule	Jillian Phukule	Spouse to Elton Phukule	Teacher at Department of Education	40 374	-
Civils 2000 (Pty) Ltd	Tania Hendricks	Alton Dampun	Father to Tania Hendricks	Colonel at the South African Police Service	21 194 341	-
Calm Services and Supplies	Marsha Mdabuli	Andries Mdabuli	Spouse of Marsha Mdabuli	Officer at Department of Sport and Cultural Affairs	27 500	-
M & B Cleaning and Contractor Services	Marshallen Jansen	Abdukader Jansen	Spouse of Marshallen Jansen	General worker at the Department of Education	18 000	-
A4 Building and Civil	Ashley Wayne Petersen	Adriane Petersen	Spouse to Ashley Petersen	IMP Manager at the Department of Health	61 974	-

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46. Disclosures made in terms of Supply Chain Management Regulation 46 (continued)						
Terence Harker Architecture	Terence Harker	Jeanette Harker	Spouse of Terence Harker	Educator at the Western Cape Education Department	111 090	-
Delta Rewinds	Adburagman Daniels	Mishka Human	Daughter of Adburagman Daniels	Clerk: Department of Water and Sanitation: Bellville	773 419	-
Malherbe Tubb Faure Inc	Louis Faure	Caro Faure	Son of Louis Faure	Educator at the Western Cape Education Department	Rate based	-
Motheo Construction	Lettie Mashau	Martin Ndlovu	Brother of Lettie Mashau	Statistician at the Department of Statistics	91 784 164	-
					114 142 878	1 926 818

The total related party payments for the year amounts to R115 849 494 (2021: R 3 297 012) and are inclusive of rate based awards of which the value cannot be determined upfront

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47. Fruitless and wasteful expenditure

There were no fruitless and wasteful expenditure balance as at 30 June 2022.

48. Unauthorised expenditure

There were no unauthorised expenditure balance as at 30 June 2022.

49. Irregular expenditure

There were no irregular expenditure balance as at 30 June 2022.

50. Deviation from supply chain management regulations

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

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

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

During the financial year under review goods/services totalling R23 684 161 (2021: R17 698 410) 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 deviations are inclusive of awards that are rate based. The rate based deviations are kept at anticipated cost and available budget. In the individual deviations the anticipated cost and budget will be detailed.

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

Deviations for year

Emergencies	15 584 532	1 070 461
Sole provider	122 370	4 967 501
Impractical or impossible to follow the SCM process	7 977 259	11 660 448
	<u>23 684 161</u>	<u>17 698 410</u>

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51. Material losses		
Water distribution losses		
Units supplied	14 168 718	14 206 458
Units sold	(11 741 327)	(10 757 799)
	2 427 391	3 448 659
Electricity distribution losses		
Units bought	282 707 483	283 637 188
Units sold	(261 457 970)	(263 636 881)
	21 249 513	20 000 307
Percentage loss in distribution		
Water distribution losses	17,13%	24,28%
Electricity distribution losses	7,52%	7,05%

52. 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 2022 and therefore the depreciation charge was applied prospectively from 1 July 2021 over the remaining useful life of these assets.

	2021	2022	2023
Decrease/(Increase) in depreciation on other assets for the year	(507 576)	(493 173)	(149 917)
Decrease/(Increase) in depreciation on infrastructure for the year	(3 641 546)	(3 474 724)	(2 480 077)
Decrease/(Increase) in depreciation on buildings for the year	(367 191)	(363 863)	(245 390)
Decrease/(Increase) in depreciation on intangibles for the year	(14 969)	(14 944)	3 888
	(4 531 282)	(4 346 704)	(2 871 496)

The effect in future periods is not disclosed because estimating it is impracticable as the useful life is assessed annually.

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 11.67 to 15.08 years and a decrease in the De Doorns landfill site from 31.83 years to 16.83 years. The increase in the remaining number of years resulted in an decrease of depreciation of R 355 378 (2021:R1 625 819).

The effect on the current year is an increase in the carrying amount of property, plant and equipment by R1 270 441 and decrease the depreciation expense by R 1 270 441.

The effects of the change in estimate provision for landfill sites has been disclosed in note 21.

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52. Change in estimate (continued)

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 495 600

The effect on the current year is a decrease in Fines, Penalties and Forfeits income by R495 600 and a decrease in Debt Impairment expenditure by R495 600.

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53. 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: An incorrect discounting rate has been used to determine the Landfill Site provision at year end. In the prior year the municipality used the PPI rate instead of the government bond rates. The correction of the discount rate resulted in a decrease in the Provision of R14 806 174 an increase in Operational Cost of R933 813 and a decrease in Property, plant and equipment of R6 634 348.

Error 2: Water purchases previously incorrectly disclosed as Bulk purchases have been correctly disclosed as Inventory consumed. This resulted in a decrease in bulk purchases of R8 645 719 an increase in inventory consumed of R8 647 770. The value of water inventory purchased at De Doorns was previously incorrectly measured at year end has been corrected. This resulted in a decrease in Inventory of R22 405 and an increase in Inventory gains/(losses) of R9 385.

Error 3: Settlement of legal cost for the case between the municipality and Izak Joubert has been incorrectly treated. The correction thereof resulted in a decrease in trade and other payables and a increase in accumulated surplus of R365 230.

Error 4: The award of R160 170 made to Lee Handro Enterprises has been incorrectly disclosed as a related party in the prior year. The correction thereof resulted in a decrease in awards made in terms of SCM Regulation 46 from R1 170 884 to R1 010 714.

Reclassifications:

Error 5: The line items of the Service Charges 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 Service Charges note. These restatements were as follow:

- Electricity has been restated from R 424 662 335 to R424 791 600.
- Water has been restated from R 94 071 737 to R 93 942 471.

Error 6: Photocopies and faxes of R426 377 previously classified as development charges has been reclassified to photocopies and faxes. The closing balance of the note Sales of goods and rendering of services remained unchanged.

Error 7: Payables from exchange transaction previously disclosed as Other receivables from exchange transaction of R444 832 has been reclassified to Payables from exchange transactions.

Statement of financial performance Revenue	Balance as previously reported	Prior period error	Reclassified	Total
Service Charges	636 910 226	-	-	636 910 226
Sales of goods and rendering of services	8 535 548	-	-	8 535 548
Income from agency services	9 820 328	-	-	9 820 328
Licenses	2 017 427	-	-	2 017 427
Rental income	6 479 325	-	-	6 479 325
Operational revenue	6 775 903	-	-	6 775 903
Finance Income	16 180 357	-	-	16 180 357
Availability charges	7 145 750	-	-	7 145 750
Property rates	155 976 506	-	-	155 976 506
Property rates - penalties imposed and collection	1 521 045	-	-	1 521 045
Government grants and subsidies	221 389 902	-	-	221 389 902
Fines, penalties and forfeits	30 303 766	-	-	30 303 766
	1 103 056 083	-	-	1 103 056 083
Expenses				Total
Employee related cost	(350 318 961)	-	-	(350 318 961)
Remuneration of councillors	(18 421 282)	-	-	(18 421 282)
Depreciation, amortisation and impairment	(88 548 817)	-	-	(88 548 817)
Bulk purchases	(337 524 383)	8 645 719	-	(328 878 664)
Finance cost	(22 350 843)	-	-	(22 350 843)
Inventory consumed	(26 166 198)	(8 647 770)	-	(34 813 968)
Contracted services	(73 166 367)	-	-	(73 166 367)
Operating leases	(8 760 238)	-	-	(8 760 238)
Grants and subsidies paid	(4 452 402)	-	-	(4 452 402)
Operational cost	(49 964 443)	(933 813)	-	(50 898 256)
Agency fees paid	(8 132 156)	-	-	(8 132 156)
	(987 806 090)	(935 864)	-	(988 741 954)

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Operating (deficit)/surplus	113 805 675	508 453	-
Gains on disposal of assets	421 699	-	-
Fair value adjustment	16 816 932	-	-
Actuarial gains	(2 673 944)	-	-
Debt impairment	(77 129 900)	-	-
Inventory gains(losses)	99 382	9 385	-
	-	-	-
Surplus for the year	51 339 844	517 838	-

Statement of financial position	Current assets	Balance as previously reported	Prior period error	Reclassified	Total
Cash and Cash Equivalents		89 347 744	-	-	89 347 744
Receivables from exchange transactions		92 483 529	-	-	92 483 529
Statutory receivables		23 309 354	-	-	23 309 354
Other receivables from non exchange		4 809 859	-	-	4 809 859
Other receivables from exchange transactions		7 513 582	-	444 832	7 958 414
Inventory		8 667 705	(22 405)	-	8 645 300
Short term investments		101 414 454	-	-	101 414 454
Long term receivables		1 840 485	-	-	1 840 485
Operating lease asset		419 027	-	-	419 027
		329 805 739	(22 405)	444 832	330 228 166

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Figures in Rand	2022		2021	
Non-current assets				Total
Investment property	63 875 500	-	-	63 875 500
Property, plant and equipment	2 353 159 954	(6 634 348)	-	2 346 525 606
Intangible assets	4 090 147	-	-	4 090 147
Heritage assets	36 631 059	-	-	36 631 059
Long term receivables	2 657 566	-	-	2 657 566
	2 460 414 226	(6 634 348)	-	2 453 779 878
Current liabilities				Total
Payables from exchange transactions	102 468 165	(365 230)	444 832	102 547 767
Consumer deposits	4 366 711	-	-	4 366 711
Unspent conditional grants and receipts	4 195 613	-	-	4 195 613
Long term liabilities	18 447 673	-	-	18 447 673
Employee benefit obligation	48 320 987	-	-	48 320 987
Provisions	2 742 258	201 901	-	2 944 159
	180 541 407	(163 329)	444 832	180 822 910
Non-current liabilities				Total
Long term liabilities	179 138 853	-	-	179 138 853
Employee benefit obligation	175 260 497	-	-	175 260 497
Provision	76 706 348	(15 008 075)	-	61 698 273
	431 105 698	(15 008 075)	-	416 097 623
Nett Assets				Total
Accumulated surplus	2 144 160 282	42 927 235	-	2 187 087 517
				Total
Balance 1 July 2020 (previously reported)	2 086 402 384	-	-	2 086 402 384
Water Inventory Correction	(29 738)	-	-	(29 738)
Legal Advice Correction	365 230	-	-	365 230
Landfill Site Correction	45 636 857	-	-	45 636 857
Restated Balance 01 July 2020	2 132 374 733	-	-	2 132 374 733
				Total
Restated Balance 1 July 2020	2 132 374 733	-	-	2 132 374 733
Water Inventory Correction	7 333	-	-	7 333
Landfill Site Correction	(933 813)	-	-	(933 813)
Changes in net assets	4 973 732	-	-	4 973 732
Changes in net assets Correction	(2 118 630)	-	-	(2 118 630)
Surplus previously reported	52 784 162	-	-	52 784 162
Restated Balance 01 July 2021	2 187 087 517	-	-	2 187 087 517

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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.				
Cash Flow Statement	Balance as previously reported	Prior period error	Reclassified	Total
Cash flows from services and rate payers	804 485 477	508 086	-	804 993 563
Cash flows from government and other grants	205 046 731	-	-	205 046 731
Finance income:investing activities	15 185 807	(508 086)	-	14 677 721
	1 024 718 015	-	-	1 024 718 015
Payments				Total
Cash paid to employees	(343 201 154)	-	-	(343 201 154)
Cash paid to suppliers	(496 573 689)	8 126	-	(496 565 563)
Finance costs	(22 675 534)	-	-	(22 675 534)
Grants paid	(4 452 402)	-	-	(4 452 402)
	(866 902 779)	8 126	-	(866 894 653)
Cash flows from investing activities				Total
Purchase of property, plant and equipment	(123 788 148)	(8 126)	-	(123 796 274)
Proceeds from sale of property, plant and equipment	3 994 229	-	-	3 994 229
Long term receivables	1 143 127	-	-	1 143 127
Increase/ decrease in investment	(85 000 000)	-	-	(85 000 000)
Investment property additions	30 000	-	-	30 000
	(203 620 792)	(8 126)	-	(203 628 918)
Cash flows from financing activities				Total
Repayment of long term liabilities	(11 701 568)	-	-	(11 701 568)
Movement in consumer deposits	135 359	-	-	135 359
	(11 566 209)	-	-	(11 566 209)
Net increase/(decrease) in cash and cash equivalents	(57 371 765)	-	-	(57 371 765)
Cash and cash equivalents at the beginning of the year	146 719 509	-	-	146 719 509
	89 347 744	-	-	89 347 744

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54. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

	At amortised cost	Total
Cash and cash equivalents	89 089 335	89 089 335
Receivables from exchange transactions	98 084 508	98 084 508
Other receivables from non- exchange transactions	1 894 588	1 894 588
Other receivables from exchange transactions	4 211 552	4 211 552
Long term receivables	4 760 445	4 760 445
Short term investments	91 794 251	91 794 251
	289 834 679	289 834 679

Financial liabilities

	At amortised cost	Total
Long term Liabilities	184 183 358	184 183 358
Consumer deposits	4 587 173	4 587 173
Payables from exchange transactions	116 570 463	116 570 463
Unspent conditional grants	4 227 344	4 227 344
	309 568 338	309 568 338

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	1 301 676	1 301 676
Long term receivables	4 498 051	4 498 051
Short term investments	101 414 454	101 414 454
	293 855 313	293 855 313

Financial liabilities

	At amortised cost	Total
Long term Liabilities	197 138 853	197 138 853
Consumer deposits	4 366 711	4 366 711
Payables from exchange transactions	92 153 596	92 153 596
Unspent conditional grants	4 195 613	4 195 613
	297 854 773	297 854 773

55. Risk management

Liquidity risk

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2022

2021

55. Risk management (continued)

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 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	116 570 463	-	-	-
Consumer deposits	4 587 173	-	-	-
Long term liabilities	19 580 156	16 191 340	56 935 182	91 476 680
Unspent conditional grants	4 227 344	-	-	-
	-	-	-	-
	144 965 136	16 191 340	56 935 182	91 476 680

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	92 153 596	-	-	-
Consumer deposits	4 366 711	-	-	-
Long term liabilities	18 000 000	14 535 651	54 357 173	110 246 029
Unspent conditional grants	4 195 613	-	-	-
	-	-	-	-
	118 715 920	14 535 651	54 357 173	110 246 029

Credit risk

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

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

Receivables 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	98 084 508	92 483 529
Other receivables from non-exchange transactions	1 894 588	4 809 859
Other receivables from exchange transactions	4 211 522	1 301 676
Long term receivables	4 760 445	4 498 051
Short term investments	91 794 251	101 414 454
Cash and cash equivalents	89 089 335	89 347 744
	289 834 649	293 855 314

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55. Risk management (continued)

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.

56. In-kind donations and assistance

No In-kind donations have been received by the Municipality during the 2021/22 financial year.

57. 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.

58. Events after the reporting date

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

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59. 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 due to the nationwide lockdown that has been announced on 23 March 2020 by President Cyril Ramaphosa to contain the spread of the virus.

The national state of disaster has been terminated by the Minister of Cooperative Governance and Traditional Affairs in April 2022 and the operations of the municipality are starting to normalise.

The table below indicates the total COVID-19 expenditure for the period ending 30 June 2022.

Expenditure

Food distribution	-	75 000
Screening and testing	-	25 080
Sanitising and cleansing	58 243	188 073
Protective Clothing	-	224 317
General other	1 691	37 705
	59 934	550 175

The table below indicates the funding sources for the period ending 30 June 2022.

Funding Sources

Own Funding	59 934	550 175
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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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60. Segment information

General information

Identification of segments

The Accounting Standard for Segment Reporting has been recognised in the Annual Financial Statements of the municipality as at 30 June 2022 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.

BREEDE VALLEY MUNICIPALITY

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60. 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

BREEDE VALLEY MUNICIPALITY

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60. Segment information (continued)

Segment surplus or deficit

2022

	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	-	3 352 013	-	491 843 609	101 432 999	82 141 193	42 858 737	-	718 276 538
Sales of goods and rendering of services	500 404	-	1 846 595	107 555	379 035	264 513	10 806	-	6 460 921
Income from agency services	388 321	-	9 061 357	-	-	-	-	-	9 449 678
Licences and permits	226	407 331	2 212 425	-	-	-	-	-	2 619 982
Rental Income	1 027 140	5 656 462	-	-	-	-	-	-	6 683 602
Operational revenue	3 253 559	23 870	1 084 127	68 607	-	-	-	-	4 430 163
Finance Income	18 533 337	726 178	-	-	-	-	-	-	19 259 515
Availability Charges	-	-	-	2 361 029	1 289 976	2 130 257	985 047	-	6 766 309
Property rates	173 036 896	-	-	-	-	-	-	-	173 036 896
Property tax and penalties	1 782 296	-	-	-	-	-	-	-	1 782 296
Government grants & subsidies	37 521 450	28 316 490	14 153 319	28 619 962	34 978 006	44 297 397	20 713 540	86 951	208 687 115
Fines, penalties and forfeits	-	28 601 183	-	139 935	-	-	-	-	28 741 118
Total segment revenue	236 043 629	67 083 527	28 357 823	523 140 697	138 080 016	128 833 360	64 568 130	86 951	1 186 194 133

Expenditure

Bulk purchase	-	-	-	(383 068 449)	-	-	-	-	(383 068 449)
Contracted services	(32 652 258)	(12 345 733)	(4 921 309)	(15 817 970)	(2 085 843)	(16 160 204)	(12 815 511)	(51 858)	(96 850 686)
Depreciation and amortisation	(4 922 115)	(7 449 455)	(25 990 491)	(18 105 412)	(13 447 777)	(14 581 272)	(4 069 093)	(676)	(88 566 291)
Employee related cost	(143 425 765)	(85 069 165)	(38 515 035)	(21 909 107)	(26 970 493)	(22 946 002)	(22 327 044)	44 872	(361 117 739)
Finance cost	(258 899)	(293 308)	(1 452 214)	(6 179 313)	(2 368 627)	(10 385 429)	(36 144)	-	(20 973 934)
Grants and subsidies paid	(1 471 927)	(1 354 625)	(517 695)	-	-	-	-	(237 286)	(3 581 533)
Inventory Consumed	(12 746 094)	(3 110 924)	(2 394 079)	(6 869 043)	(13 467 755)	(1 496 002)	(1 131 433)	(19 113)	(41 234 443)
Operating lease	(994 997)	(4 174 827)	(152 830)	(102 765)	(38 795)	(24 886)	(3 534 238)	(42 726)	(9 036 064)
Operational cost	(37 694 693)	(6 942 687)	(2 288 561)	(2 118 062)	(3 706 000)	(1 976 438)	(7 313 134)	(85 110)	(62 124 685)
Remuneration of councillors	(18 315 230)	-	-	-	-	-	-	-	(18 315 230)
Agency fees paid	(358 867)	-	-	(5 191 143)	-	-	-	-	(5 550 010)
Debt impairment	(7 097 699)	(29 943 092)	-	(1 508 736)	(20 234 824)	(13 423 022)	(8 589 051)	-	(80 796 424)

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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
60. Segment information (continued)									
Total segment expenditure	(259 908 544)	(150 683 816)	(76 232 214)	(460 870 000)	(82 320 114)	(80 993 255)	(59 815 648)	(391 897)	1 171 215 488
Total segmental surplus/(deficit)									14 978 645
Gain/(loss) on disposal of assets and liabilities									(2 085 040)
Inventories reversal									44 798
Actuarial gains									37 808 361
Fair value adjustment									1 235 625
Total surplus (deficit) for the period									51 982 390

2021 Revenue	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Total
Service charges	-	-	-	-	-	-	-	-
Sales of goods and rendering of services	499 643	1 790 385	1 743 744	429 559 031	92 549 294	73 675 265	41 126 636	636 910 226
Income from agency services	404 367	-	9 415 961	640 894	2 268 956	1 581 510	10 416	8 535 548
Licences and permits	200	294 154	1 723 073	-	-	-	-	9 820 328
Rental Income	1 446 706	5 032 619	-	-	-	-	-	2 017 427
Operational revenue	5 322 450	24 823	1 353 333	75 297	-	-	-	6 479 325
Finance Income	15 503 714	676 643	-	-	-	-	-	6 775 903
Availability Charges	-	-	-	2 378 319	1 393 178	2 345 895	1 028 358	16 180 357
Property rates	155 976 506	-	-	-	-	-	-	7 145 750
Property tax and penalties	1 521 045	-	-	-	-	-	-	155 976 506
Government grants & subsidies	40 651 968	31 697 672	36 741 100	24 955 788	23 205 945	42 309 560	21 827 869	1 521 045
Fines, penalties and forfeits	-	30 032 036	-	271 729	-	-	-	221 389 902
Total segment revenue	221 326 599	69 548 332	50 977 211	457 881 058	119 417 373	119 912 230	63 993 279	- 1 103 056 082

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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
60. Segment information (continued)									
Expenditure									
Bulk purchases	(32 555 172)	(7 338 839)	(6 379 173)	(328 878 664)	(1 567 948)	(6 311 127)	(7 362 673)	(52 016)	(328 878 664)
Contracted services	(5 072 232)	(7 504 926)	(25 347 745)	(11 599 419)	(13 627 393)	(14 414 169)	(4 222 763)	(1 087)	(73 166 367)
Depreciation and amortisation	(111 435 729)	(102 734 572)	(41 175 928)	(24 126 720)	(28 196 213)	(22 559 706)	(19 977 640)	(112 453)	(88 548 817)
Employee related costs	(299 845)	(301 014)	(1 635 304)	(6 549 690)	(2 502 159)	(11 025 732)	(37 099)	-	(350 318 961)
Finance costs	(1 489 306)	(2 363 818)	(448 942)	-	(14 172 960)	(1 716 336)	(988 836)	(150 336)	(22 350 843)
Grants and subsidies paid	(9 416 568)	(2 050 578)	(1 813 712)	(4 641 191)	(14 172 960)	(1 716 336)	(988 836)	(13 787)	(4 452 402)
Inventory consumed	(900 999)	(6 243 692)	(157 470)	(99 061)	-	(23 312)	(1 301 890)	(33 814)	(34 813 968)
Operating lease	(33 703 526)	(5 078 459)	(1 320 175)	(1 334 203)	(1 165 759)	(1 020 224)	(7 134 346)	(141 564)	(8 760 238)
Operational Costs									(50 898 256)
Remuneration of councillors		(18 421 282)	-	-	-	-	-	-	(18 421 282)
Agency fees paid	(496 016)	-	-	-	(7 636 140)	-	-	-	(8 132 156)
Debt Impairment	(8 881 266)	-	(35 491 620)	(1 128 566)	(13 846 195)	(11 009 324)	(6 772 929)	-	(77 129 900)
Total segment liabilities	(204 250 659)	(152 037 180)	(113 770 069)	(396 716 016)	(82 714 767)	(68 079 930)	(47 798 176)	(505 057)	(1 065 871 854)
Gain/(loss) on disposal of assets and liabilities									421 699
Fair value adjustments									16 816 932
Actuarial gains/(losses)									(2 673 944)
Inventory gains/(losses)									108 767
									51 857 682

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60. Segment Information (continued)

Segmental Analysis of Capital Expenditure 2022

	Original Budget	Total Budget Adjustments	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Revenue							
Executive and Council	10 000	65 000	75 000	(13 392)	82	616	-
Budget and treasury office	6 995 000	5 135 185	12 130 185	(6 792 585)	44	76	-
Corporate services	-	-	-	-	-	-	-
Community and Social Services	728 000	332 945	1 060 945	(580 271)	45	66	-
Sport and Recreation	22 600 000	(5 629 698)	16 970 302	(519 758)	97	73	-
Public safety	500 000	-	500 000	(68 468)	86	86	-
Housing	-	80 000	80 000	(80 000)	-	-	-
Health	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-
Planning and Development	-	40 000	40 000	(29 150)	27	-	-
Road Transport	51 600 511	(16 170 795)	35 429 716	643 979	102	70	-
Trading Services	-	-	-	-	-	-	-
Electricity	45 490 114	1 642 987	47 133 101	(255 950)	99	103	-
Water	7 307 887	12 853 794	20 161 681	(4 606 461)	77	213	-
Waste Water Management	14 482 607	7 002 521	21 485 128	(12 686)	100	148	-
Waste Management	1 516 145	(1 170 133)	346 012	-	100	23	-
	151 230 264	4 181 806	155 412 070	(12 314 742)	92	95	-
							1

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60. Segment information (continued)

Segmental Analysis of Capital Expenditure 2022

	Original Budget	Total Budget Adjustments	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Expenditure							-
Executive and Council	5 000	55 000	60 000	36 683	(23 317)	61	734
Budget and treasury office	1 620 000	5 829 181	7 449 181	5 388 191	(2 060 990)	72	333
Corporate services	-	-	-	-	-	-	-
Community and Social Services	100 000	1 059 207	10 689 207	11 252 133	562 926	105	11 252
Sport and Recreation	-	30 731	30 731	9 900	(20 831)	32	-
Public safety	-	1 774 039	1 774 039	930 411	(843 628)	52	-
Housing	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-
Planning and Development	1 900 000	(488 661)	1 411 339	1 222 080	(189 259)	87	64
Road Transport	17 646 365	55 031 815	72 678 180	71 176 157	(1 502 023)	98	403
Electricity	28 212 260	(1 512 096)	26 700 164	23 780 612	(2 919 552)	89	84
Water	24 984 042	(19 507 979)	5 476 063	4 194 759	(1 281 304)	77	17
Waste Management	25 445 921	(17 710 593)	7 735 328	5 419 624	(2 315 704)	70	21
Waste Water Management	-	1 214 523	1 214 523	1 177 137	(37 386)	97	-
	99 913 588	35 305 167	135 218 755	124 587 687	(10 631 068)	92	125

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 2022

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61. 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

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62. Additional disclosure in terms of Municipal Finance Management Act			
Municipal bank accounts			
Bank statement balances	30 June 2022	30 June 2021	30 June 2020
Nedbank - Worcester Branch Cheque Account	<u>89 310 162</u>	<u>91 481 689</u>	<u>148 605 540</u>
Cash book balances	30 June 2022	30 June 2021	30 June 2020
	<u>89 076 226</u>	<u>89 334 611</u>	<u>146 706 375</u>
Membership fees: SALGA			
Current year subscription / fee		3 299 266	3 664 534
Amount paid - current year		<u>(3 299 266)</u>	<u>(3 664 534)</u>
		<u>-</u>	<u>-</u>
Audit fees			
Opening balance		-	-
Current year subscription / fee		2 723 915	3 306 736
Amount paid - current year		<u>(2 723 915)</u>	<u>(3 306 736)</u>
		<u>-</u>	<u>-</u>
PAYE and UIF			
Opening balance		4 226 943	3 635 753
Current year subscription / fee		55 020 542	51 092 931
Amount paid - current year		(49 994 782)	(46 865 988)
Amount paid - previous years		(4 226 943)	(3 635 753)
		<u>5 025 760</u>	<u>4 226 943</u>
Pension and medical aid deductions			
Opening balance		518 211	536 866
Current year subscription / fee		101 182 740	98 611 926
Amount paid - current year		(100 768 621)	(98 093 715)
Amount paid - previous years		(518 211)	(536 866)
		<u>414 119</u>	<u>518 211</u>
VAT			
VAT receivable		5 238 029	2 371 796

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

Councillors' arrear consumer accounts

As at 30 June 2022 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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62. 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.

63. Inventory consumed

Other materials	41 234 443	34 813 968
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The amount disclosed for inventory consumed are inclusive of inventory expensed from the stores during the year and other materials and supplies.

64. Related parties

Compensation to related parties:

Compensation made to key management and councillors are disclosed in notes 31 and 32.

Outstanding balances:

As at 30 June 2022 there were no key management with outstanding consumer accounts for more than 90 days. Refer to note 62 for councillors arrear consumer accounts.

The consumer debtors are in accordance with approved tariffs that was advertised to the public.

65. BBBEE Performance

Additional disclosure in terms of Broad Based Black Economic Empowerment Act

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

EXTERNAL LOANS

Mun Ref.		Fin Inst. Ref.	Date Received	Amount Received	Date Redeemable	Transactions for the year to date:					Less:		Add:		Carrying Value	Short term	Long term
						Balance as at 30/06/2021	Redeemed	Interest Paid	Interest Accrued Previous Year	Interest Accrued Current Year	Balance as at 31/06/2022	3011103001x	3011203097x				
EXTERNAL LOANS																	
ANNUITY & STOCK LOANS																	
3-9001-60725400																	
Loans redeemed																	
8																	
556 DBSA: @ 10.55%																	
557 DBSA: @ 10.891%																	
558 DBSA: @ 10.40%																	
559 DBSA: @ 11.00%																	
560 DBSA: @ 12.00%																	
561 DBSA: @ 12.00%																	
562 ABSA: @ Variable rate																	
2569 DBSA: @ 8.69%																	
2991 INCA/FNB: @ 10.21%																	
2992 INCA/FNB: @ 10.14%																	
5027 DBSA: @ 5.00%																	
5028 DBSA: @ 9.46%																	
5029 DBSA: @ 9.46%																	
11097 DBSA: @ 6.75%																	
11098 DBSA: @ 12.08%																	
11099 DBSA: @ 11.326%																	
11100 DBSA: @ 11.5%																	
DBSA: @ 12.14%																	
11101 DBSA: @ 11.431%																	
19975 DBSA: @ 11.431%																	
19976 DBSA: @ 10.824%																	
192 179 588.04 13 040 714.61 21 336 386.97 (5 406 958.07) 5 044 504.87 179 138 853.43 310 394 614.60 14 535 651.02 164 603 202.41																	
1 074 200.54																	
7 160 807.17																	
10 275 366.79																	
12 619.47																	
1 315 603.04																	
282 049.06																	
1 030 899.26																	
4 311 725.38																	
11 868 327.60																	
27 062 351.61																	
771 958.02																	
13 471 765.03																	
27 122 015.12																	
70 201.06																	
15 811 905.01																	
22 530 731.94																	
37 797 053.05																	
33 705 756.99																	
966 385.61																	
1 093 821.76																	
34 126 368.09																	
33 067 691.34																	
11 711 705.37																	
1 135 186.18																	
1 519 522.25																	
2 736 254.14																	
2 760 478.31																	
2 885 411.43																	
1 073 859.88																	
2 424 938.83																	

EXTERNAL LOANS

INTEREST ALLOCATED INCOME & EXPENDITURE		
Department	Main Vote	Amount
Operational Services Admin	1503	1 537.23
P.W. Stormwater Drains: Worce	1533	301 070.00
P.W.: Street Lighting	1536	22 609.00
P.W. Streets: Worcester	1539	1 452 213.69
Boland Park Sportground	5130	94 800.73
R.F.: Parks (Other)	5151	198 507.04
R.R. Removal: Worcester	6603	36 145.45
Sew.:Disp.Works-Touwsrivier	6905	61 060.02
Sew.: Disp. Works-Worcester	6906	8 346 773.78
Sew.: Disp. Works-Rawsonville	6907	132 921.01
Sew. Networks: Worcester	6912	1 543 604.05
Elec. Network & Substation	8112	6 156 703.59
Network & Pumps: Worcester	8412	486 336.44
W.M.: Falyr Glen D	8415	2 322.43
Bulk Water De Doorns	8416	36 755.73
W.M.: Stettynskloof Dam	8418	1 843 212.05
Res.: Vehicle distribution	8860	257 361.59
		<u>20 973 933.83</u>
Interest Paid		21 336 386.97
Interest Accrued	2020/21	(5 406 958.01)
Interest Accrued	2021/22	5 044 504.87
Total		<u>20 973 933.83</u>

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2022									
	Opening balance as previously stated 30-06-2021	Prior period error	Restated opening balance 30/6/2021	Additions	Grp 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30-06-2022
LAND	230 882 268		230 882 268							229 870 137
BUILDINGS	334 100 728		334 100 728	8 105 846					(1 012 130)	
INFRASTRUCTURE	3 071 223 805		3 071 223 805	115 048 874	-1 416 497		-109 550		(1 053 922)	341 043 101
HERITAGE ASSETS	36 631 059		36 631 059							3 184 856 182
OTHER ASSETS	152 591 025	-16 761 069	135 829 957	19 942 609			109 550	1 554 723	(296 874)	157 139 965
INTANGIBLE ASSETS	5 364 081		5 364 081							5 364 081
INVESTMENT PROPERTY	63 875 500		63 875 500			1 494 500			(1 733 367)	63 636 633
TOTAL	3 894 668 465	(16 761 069)	3 877 907 396	143 097 329	-1 416 487	1 494 500	0	1 554 723	-4 096 293	4 018 541 159

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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 30.6.2021
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	(496 467)	148 250 617	6 779 030				2 118 632	(5 069 883)	152 078 396
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	(595 115)	3 763 691 216	124 587 687	-796 036	16 456 814	0	2 118 632	-11 902 476	3 894 155 836

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2022
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2022										
	Opening balance as previously stated 30-06-2021	Prior period error	Restated opening balance 30-06-2021	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30-06-2022	Carrying Value 30-06-2022	
LAND	-		-						-	229 870 137	
									-		
BUILDINGS	190 827 700		190 827 700	6 337 152		(545 781)			196 619 071	144 424 030	
									-		
INFRASTRUCTURE	1 177 279 283		1 177 279 283	71 922 055					1 249 201 338	1 935 654 844	
									-		
HERITAGE ASSETS	-		-						-	36 631 059	
									-		
OTHER ASSETS	67 530 889	(10 126 721)	57 404 169	9 875 292		(252 720)	355 378		67 382 119	89 757 847	
									-		
INTANGIBLE ASSETS	1 273 934		1 273 934	76 414					1 350 348	4 013 733	
									-		
INVESTMENT PROPERTY	-		-						-	63 636 633	
									-		
TOTAL	1 436 911 807	-10 126 721	1 426 785 086	88 210 913	0	-798 501	355 378	-	1 514 552 875	2 503 988 284	

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2021
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 30.6.2021	Carrying Value 30.6.2021	
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	(11 359 194)	50 084 119	9 664 016		(3 969 785)	528 264		56 306 614	95 771 783	
INTANGIBLE ASSETS	1 182 551		1 182 551	91 363					1 273 934	4 090 147	
INVESTMENT PROPERTY	-		-						-	63 875 500	
TOTAL	1 356 737 357	-11 359 196	1 345 378 160	88 020 552	0	-8 239 448	528 261	0	1 425 687 531	2 468 468 305	

BREEDE VALLEY MUNICIPALITY

APPENDIX C

STATISTICAL INFORMATION

		2022	2021	2020
(1) General Statistics				
(a) Population.	±			
(b) Valuation				
(ii) Taxable				
Land		11 292 429 000	6 496 775 500	6 309 895 800
Improvements		21 573 536 500	18 157 119 500	18 184 733 500
(ii) Non Taxable				
Land				
Improvements				
(iii) Date of Last General Valuation		2022/07/01	2016/07/01	2016/07/01
(c) Number of properties				
Residential		21 237	21 096	21 083
Commercial		1 327	1 205	1 063
Welfare Institutions		241	241	241
Agri/Farms		1 917	1 868	1 874
Industrial		233	236	236
Public Serv. Infrastructure		342	342	338
National Monuments		26	26	26
Municipal Properties		3 554	3 628	3 879
State		131	106	106
Mine		5	5	5
(d) Assessment Rate: Cent in the Rand		0.0077 + 0.0154	0.9302 + 1.8603	0.8775 + 1.7550
(e) Number of Employees				
Employed		888	899	932
Vacancies		136	291	227
(2) Electrical Statistics				
(a) Number of users	±	27 653	27 653	27 653
(b) Units bought	kWh	282 707 482.87	283 637 188	290 563 916.40
(c) Units sold	kWh	261 714 667.80	263 626 881	274 831 292.00
(d) Units lost in distribution	kWh	20 992 815.07	20 010 307	15 732 624.40
(e) Percentage of units lost in distribution		7.43%	7.05%	5.4145%
(f) Cost per unit bought	R	4.091803	1.4349653	1.312900
(g) Loss in distribution	R	85 898 464	28 714 096	20 655 363
(h) Cost per unit sold	R	4.420017	1.5438847	1.388056268
(i) Income per unit sold	R	1.882817	1.637952	1.515657
(3) Water Statistics				
(a) Number of users	±	27 864	27 864	27 864
(b) Units supplied	Kl	14 168 718.00	14 206 458	15 309 473.97
(c) Units sold	Kl	11 741 327.00	10 757 799	10 544 650.49
(d) Units lost in distribution	Kl	2 427 391.00	3 448 659	4 764 823.48
(e) Percentage of units lost in distribution		17.13%	24.28%	31.1234%
(f) Cost per unit supplied	R	5.385905	5.287168	5.444189
(g) Loss in distribution	R	13 073 697	18 233 640	25 940 600
(h) Cost per unit sold	R	6.499382	6.982091	7.731312
(i) Income per unit sold	R	8.872539	8.744515	8.437124
(4) Sundry Statistics				
(a) Area in km²		3 833	3 833	3 833
(b) Previous election		70 002	70 002	70002
Number of registered voters				
% poll				
(c) Building survey:				
(i) Building plans				
Number passed		690	620	504
Value passed (R '000)		632 151 000	411 805 000	389 418 000
(ii) Inspections performed	±	4284	4 464	3 100
(d) Housing				
(i) Number of dwelling units		1 760	2 688	2 696
(ii) Number of people acc	±	5 280	630	495
(iii) Number of people on waiting list		19 000	20 207	19 945
(e) Fire service stations		3	3	3

BREDEE VALLEY MUNICIPALITY																		
Annual Financial Statements for the year ended 30 June 2022																		
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																		
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2021	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2022	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 2021	Dec 2021	March 2022	June 2022	Sept 2021	Dec 2021	March 2022	June 2022		Sept 21	Dec 21	March 22	June 22			
Equitable Share	National	-	54 813 000	43 851 000	32 888 000			32 887 800	36 542 200	37 456 000	24 666 000	-	-	-	Not applicable	Yes	None	
Financial Management grant	National	-	1 550 000					100 000	622 607	102 788	724 605	-	-	-	Not applicable	Yes	None	
EPWP: National	National	-	742 000	1 334 000	889 000			2 965 000				-	-	-	Not applicable	Yes	None	
Municipal Infrastructure Grant	National	-	4 942 000	18 300 000	13 018 000			109 576	6 966 359	2 590 376	26 603 689	-	-	-	Not applicable	Yes	None	
Integrated National Electrification Grant	National	-	7 000 000	12 000 000	2 000 000				496 421	1 499 654	19 003 925	-	-	-	Not applicable	Yes	None	
Public Libraries- Operational	Provincial	-	4 295 000	4 395 000	2 129 000	81 000		2 373 523	2 651 004	2 467 386	3 260 292	147 796	-	-	Not applicable	Yes	Project ongoing	
Public Libraries- Capital	Provincial	-	100 000								25 122	74 878	-	-	Not applicable	Yes	Project ongoing	
National Roads Agency	Provincial	-			90 359					90 359			-	-	Not applicable	Yes	None	
CDW Grant	Provincial	30 717		94 000							17 779	106 938	-	-	Not applicable	Yes	Project ongoing	
LG Public Employment Support	Provincial	-			1 700 000						1 700 000		-	-	Not applicable	Yes	None	
Financial Management Capacity Building Grant	Provincial	175 000			250 000	40 000				50 000	135 000	280 000	-	-	Not applicable	Yes	Project ongoing	
RSEP Projects	Provincial	189 262									68 530	120 732	-	-	Not applicable	Yes	Project completed	
Thusong Centre	Provincial	-			150 000						150 000		-		Not applicable	Yes	None	
Municipal Accreditation & Capacity Building Grant	Provincial	265 000									265 000		-	-	Not applicable	Yes	None	
Disaster Management Grant	Provincial	36 737	118 000								58 104	96 632	-	-	Not applicable	Yes	Project ongoing	
Title Deeds	Provincial	2 505 318									2 505 318		-	-	Not applicable	Yes	Project ongoing	
PAWC Fire Equipment	Provincial	-											-	-	Not applicable	Yes	None	
Housing: Transhex	Provincial	-		328 000							328 000		-	-	Not applicable	Yes	None	
58 Houses for staff (SAMWU)	Housing grants	44 825									44 825		-	-	Not applicable	No	None	
LGWSETA	Other	-	108 912	230 337	115 825	249 237		108 912	230 337	115 825	249 237		-	-	Not applicable	Yes	None	
Work for Water Projects	Other	-			2 075 758								-	-	Not applicable	Yes	None	
CWDM: Operational	Other	520 000		500 000		462 000					586 951	895 050	-	-	Not applicable	Yes	Project ongoing	
CWDM: Capital	Other	428 755								428 755			-	-	Not applicable	Yes	None	

BREEDER VALLEY MUNICIPALITY																
Annual Financial Statements for the year ended 30 June 2022																
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2021	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2022	Grants and subsidies delayed/ withheld				Reason for delay/ withholding of funds
			Sept 2021	Dec 2021	March 2022	June 2022	Sept 2021	Dec 2021	March 2022	June 2022		Sept 21	Dec 21	March 22	June 22	
CWDM: Donated Assets	Other	-														Yes
Donated Assets	Private Donation	-														Yes
		4 195 613	73 668 912	81 032 337	55 305 942	832 237	38 544 812	47 508 927	44 791 143	77 887 059	4 227 344					
SUMMARY		Balance 01/07/21	Sept 2021	Dec 2021	March 2022	June 2022	Sept 2021	Dec 2021	March 2022	June 2022	Balance 30/06/2022					
		4 195 613		210 839 429					208 731 940		4 227 344					
Register summary	Unutilised Balance - 01/07/2021	Debit Balance 01/07/2021	Receipted 01/07/2021 - 30/06/2022	Other Income	Capital Donated	Written - off	Conditions met Income statement Operating	Conditions met Income statement Capital	Refunded	To Other Debtors	Balance 30/06/2022					
	4 195 613	(3 085 540)	210 839 429	-	-	-	(152 931 598)	(55 755 517)	-	(964 957)	4 227 344					
		1 110 073		210 839 429				(208 687 115)			3 262 387					

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

Description	2021/22										2020/21
	Original Budget	Budget Adjustments (i.i.o. MFMA s28)	Adjustment Budget 23 February 2022	Approved Virements (Budget Virement Policy 2021/2022)	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											
<i>Governance and administration</i>	213 203	14 009	227 212	0	227 212	242 602		15 390	106.8%	113.8%	226 404
Executive and council	112	-	112	-	112	510		397	453.8%	453.8%	433
Finance and administration	213 091	14 009	227 100	0	227 100	242 093		14 993	106.6%	113.6%	225 972
Internal audit	-	-	-	-	-	-		-	-	-	-
<i>Community and public safety</i>	264 651	7 740	272 391	-	272 391	68 634		(203 757)	25.2%	25.9%	86 487
Community and social services	10 140	2 104	12 243	-	12 243	12 676		433	103.5%	125.0%	13 597
Sport and recreation	2 211	962	3 173	-	3 173	3 911		739	123.3%	176.9%	1 282
Public safety	230 807	37	230 844	-	230 844	30 467		(200 377)	13.2%	13.2%	32 352
Housing	21 493	4 638	26 131	-	26 131	21 579		(4 552)	82.6%	100.4%	39 256
Health	-	-	-	-	-	-		-	-	-	-
<i>Economic and environmental services</i>	14 911	484	15 395	-	15 395	27 188		11 793	176.6%	182.3%	50 136
Planning and development	1 353	189	1 542	-	1 542	2 119		577	137.4%	156.7%	2 828
Road transport	13 558	294	13 853	-	13 853	25 069		11 216	181.0%	184.9%	44 821
Environmental protection	-	-	-	-	-	-		-	-	-	2 487
<i>Trading services</i>	866 663	(18 444)	848 239	(0)	848 239	849 495		1 256	100.1%	98.0%	761 204
Energy sources	552 484	(34 701)	517 783	-	517 783	521 762		3 980	100.8%	94.4%	457 881
Water management	102 167	14 982	117 149	(0)	117 149	139 458		22 310	119.0%	136.5%	119 417
Waste water management	147 556	429	147 985	-	147 985	123 706		(24 279)	83.6%	83.8%	119 912
Waste management	64 476	846	65 322	-	65 322	64 568		(754)	98.8%	100.1%	63 993
<i>Other</i>	-	100	100	-	100	87		(13)	87.0%	#DIV/0!	-
Total Revenue - Standard	1 359 448	3 889	1 363 337	-	1 363 337	1 188 006		(175 331)	87.1%	87.4%	1 124 231
Expenditure - Standard											
<i>Governance and administration</i>	262 202	(5 277)	256 925	1 943	258 868	222 607	-	(36 260)	86.0%	84.9%	226 174
Executive and council	40 098	(2 402)	37 696	2 650	40 346	38 533		(1 812)	95.5%	96.1%	40 376
Finance and administration	218 212	(2 877)	215 335	(707)	214 629	180 574		(34 055)	84.1%	82.8%	182 041
Internal audit	3 891	2	3 893	-	3 893	3 500		(393)	89.9%	89.9%	3 757
<i>Community and public safety</i>	309 857	9 611	319 468	(36 851)	282 617	152 860	-	(129 757)	54.1%	49.3%	171 557
Community and social services	26 949	3 670	30 619	(423)	30 196	27 723		(2 474)	91.8%	102.9%	27 864
Sport and recreation	27 026	1 343	28 369	(142)	28 227	28 150		(76)	99.7%	104.2%	25 800
Public safety	225 937	(117)	225 820	(35 147)	190 673	77 314		(113 359)	40.5%	34.2%	95 427
Housing	29 855	4 715	34 570	(1 140)	33 430	19 591		(13 839)	58.6%	65.6%	22 583
Health	91	-	91	-	91	83		(8)	91.4%	91.4%	83
<i>Economic and environmental services</i>	79 306	3 239	82 545	735	83 280	76 154	-	(7 126)	91.4%	96.0%	78 767
Planning and development	18 626	317	18 943	224	19 167	18 338		(829)	95.7%	98.5%	17 506
Road transport	60 221	2 210	62 432	511	62 942	56 933		(6 009)	90.5%	94.5%	58 262
Environmental protection	459	712	1 171	-	1 171	883		(288)	75.4%	192.3%	2 999
<i>Trading services</i>	635 190	27 495	662 686	33 509	696 194	693 976	-	(12 218)	98.2%	107.7%	596 720
Energy sources	462 271	4 813	467 083	(476)	466 607	460 880		(5 728)	98.6%	99.7%	404 364
Water management	65 812	3 315	69 127	14 868	83 985	82 276		(1 709)	98.0%	125.0%	75 099
Waste water management	63 890	10 325	74 215	8 147	82 362	80 994		(1 368)	98.3%	126.8%	68 096
Waste management	43 218	9 043	52 261	10 979	63 240	59 826		(3 414)	94.6%	138.4%	49 160
<i>Other</i>	619	(45)	574	30	604	392		(212)	64.9%	63.3%	505
Total Expenditure - Standard	1 287 175	35 022	1 322 198	(634)	1 321 564	1 135 989	-	(185 574)	86.0%	88.3%	1 073 724
Surplus/(Deficit) for the year	72 273	(31 134)	41 139	634	41 773	52 017	-	10 244	124.5%	72.0%	50 507

Appendix F A3

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

Vote Description	2021/22										2020/21
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Adjustment Budget 23 February 2022	Approved Virements (Budget Virement Policy 2021/2022)	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	
R thousand	1	2	3	4	5	6	7	8	9	10	14
Revenue by Vote											
Vote 1 - Council General	112	-	112	-	112	510		397	453.8%	453.8%	433
Vote 2 - Municipal Manager	500	-	500	-	500	500		-	100.0%	100.0%	2 859
Vote 3 - Strategic Support Services	1 651	(350)	1 301	0	1 301	1 276		(25)	98.1%	77.3%	1 529
Vote 4 - Financial Services	208 487	13 978	222 465	(0)	222 465	231 226		8 760	103.9%	110.9%	220 708
Vote 5 - Community Services	277 467	5 289	282 755	2 505	285 261	79 632		(205 629)	27.9%	28.7%	97 838
Vote 6 - Technical Services	-	-	-	-	-	-		-	-	-	800 865
Vote 7 - Engineering Services	552 474	(32 246)	520 228	(2 505)	517 723	523 655		5 932	101.1%	94.8%	-
Vote 8 - Public Services	318 757	17 218	335 975	(0)	335 975	351 208		15 233	104.5%	110.2%	-
Total Revenue by Vote	1 359 448	3 889	1 363 337	-	1 363 337	1 188 006		(175 331)	87.1%	87.4%	1 124 231
Expenditure by Vote to be appropriated											
Vote 1 - Council General	36 147	(3 304)	32 843	2 650	35 493	34 874		(619)	98.3%	96.5%	36 468
Vote 2 - Municipal Manager	9 628	895	10 523	-	10 523	8 847		(1 676)	84.1%	91.9%	11 297
Vote 3 - Strategic Support Services	71 745	(4 317)	67 428	7 432	74 860	70 820		(4 040)	94.6%	98.7%	68 710
Vote 4 - Financial Services	133 357	(2 129)	131 228	(4 094)	127 134	100 806		(26 329)	79.3%	75.6%	77 852
Vote 5 - Community Services	315 481	4 225	319 707	(33 445)	286 262	155 923		(130 338)	54.5%	49.4%	180 846
Vote 6 - Technical Services	-	-	-	-	-	-		-	-	-	698 551
Vote 7 - Engineering Services	471 099	12 548	483 648	(7 995)	475 652	465 759		(9 893)	97.9%	98.9%	-
Vote 8 - Public Services	249 717	27 103	276 820	34 818	311 638	298 959		(12 679)	95.9%	119.7%	-
Total Expenditure by Vote	1 287 175	35 022	1 322 198	(634)	1 321 564	1 135 989	-	(185 574)	86.0%	88.3%	1 073 724
Surplus/(Deficit) for the year	72 273	(31 134)	41 139	634	41 773	52 017		10 244	124.5%	72.0%	50 507

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

Description	2021/22										2020/21
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Adjustment Budget 23 February 2022	Approved Virements (Budget Virement Policy 2021/2022)	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	154 348	13 712	168 061	-	168 061	173 037		4 976	103.0%	112.1%	155 977
Service charges - electricity revenue	522 613	(34 849)	487 765	-	487 765	492 826		5 062	101.0%	94.3%	431 937
Service charges - water revenue	79 712	14 288	94 000	-	94 000	104 101		10 101	110.7%	130.6%	93 942
Service charges - sanitation revenue	76 112	-	76 112	-	76 112	84 271		8 160	110.7%	110.7%	76 021
Service charges - refuse revenue	44 197	-	44 197	-	44 197	43 844		(353)	99.2%	99.2%	42 155
Service charges - other	-	-	-	-	-	-		-	-	-	-
Rental of facilities and equipment	5 845	0	5 845	-	5 845	8 178		2 333	139.9%	139.9%	22 836
Interest earned - external investments	10 686	-	10 686	-	10 686	10 969		282	102.6%	102.6%	9 718
Interest earned - outstanding debtors	6 770	-	6 770	-	6 770	9 814		3 044	145.0%	145.0%	8 344
Dividends received	-	-	-	-	-	-		-	-	-	-
Fines, penalties and forfeits	230 513	-	230 513	-	230 513	28 741		(201 772)	12.5%	12.5%	30 743
Licences and permits	3 949	-	3 949	0	3 949	2 620		(1 329)	66.3%	66.3%	2 017
Agency services	8 987	-	8 987	-	8 987	9 061		75	100.8%	100.8%	9 416
Transfers and subsidies	147 172	10 308	157 480	0	157 480	152 932		(4 548)	97.1%	103.9%	168 007
Other revenue	9 766	-	9 766	(0)	9 766	11 279		1 483	115.3%	115.3%	15 716
Gains on disposal of PPE	1 399	-	1 399	-	1 399	577		(822)	41.2%	41.2%	3 919
Total Revenue (excluding capital transfers and contributions)	1 302 088	3 460	1 305 548	0	1 305 548	1 132 251		(173 297)	86.7%	87.0%	1 070 848
Expenditure By Type											
Employee related costs	344 581	(711)	343 870	(5 010)	338 860	335 127		(3 733)	98.9%	97.3%	319 700
Remuneration of councillors	20 358	(1 307)	19 049	-	19 049	18 315		(734)	96.1%	90.0%	18 421
Debt impairment	198 257	-	198 257	-	198 257	80 796		(117 460)	40.8%	40.8%	77 589
Depreciation & asset impairment	100 988	-	100 988	-	100 988	88 566		(12 421)	87.7%	87.7%	89 403
Finance charges	23 653	-	23 653	-	23 653	20 974		(2 679)	88.7%	88.7%	22 351
Bulk purchases	388 335	-	388 335	-	388 335	383 068		(5 267)	98.6%	98.6%	328 879
Other materials	39 907	0	39 908	2 838	42 746	41 191		(1 555)	96.4%	103.2%	34 705
Contracted services	88 923	26 157	116 080	2 258	118 338	97 001		(21 338)	82.0%	107.9%	73 166
Transfers and subsidies	4 365	2 853	7 218	6	7 224	3 767		(3 457)	52.1%	86.3%	4 452
Other expenditure	73 045	8 031	81 076	(727)	80 349	64 709		(15 640)	80.5%	88.6%	101 592
Loss on disposal of PPE	3 766	-	3 766	-	3 766	2 476		(1 290)	65.7%	65.7%	3 485
Total Expenditure	1 287 175	35 022	1 322 198	(634)	1 321 564	1 135 989		(185 574)	86.0%	88.3%	1 073 724
Surplus/(Deficit)	14 913	(31 562)	(16 649)	634	(16 015)	(3 738)		12 277	23.3%	-25.1%	(2 875)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	57 360	428	57 789	(0)	57 789	55 756		(2 033)	96.5%	97.2%	52 583
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions and subsidiaries - capital (in-kind - all))	-	-	-	-	-	-		-	-	-	500
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-		-	-	-	300
Surplus/(Deficit) after capital transfers & contributions	72 273	(31 134)	41 139	634	41 773	52 017		10 244	124.5%	72.0%	50 507
Surplus/(Deficit) after taxation	72 273	(31 134)	41 139	634	41 773	52 017		10 244	124.5%	72.0%	50 507
Attributable to minorities	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) attributable to municipality	72 273	(31 134)	41 139	634	41 773	52 017		10 244	124.5%	72.0%	50 507
Share of surplus/ (deficit) of associate	-	-	-	-	-	-		-	-	-	-
Surplus/(Deficit) for the year	72 273	(31 134)	41 139	634	41 773	52 017		10 244	124.5%	72.0%	50 507

Appendix H A5

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

Vote Description R thousand	2021/22								2020/21
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
Capital expenditure - Vote									
Multi-year expenditure									
Vote 1 - Council General	5	20	25	20		(5)	81%	406%	
Vote 2 - Municipal Manager	5	45	50	41		(9)	63%	827%	
Vote 3 - Strategic Support Services	3 155	4 490	7 645	3 147		(4 499)	41%	100%	
Vote 4 - Financial Services	-	-	-	-		-	-	-	
Vote 5 - Community Services	15 635	362	15 997	15 771		(226)	99%	101%	
Vote 6 - Technical Services	87 333	(5 676)	81 658	80 990		(667)	99%	93%	
Vote 7 - Engineering Services	-	-	-	-		-	-	-	
Vote 8 - Public Services	-	-	-	-		-	-	-	
Capital multi-year expenditure	106 133	(758)	105 375	99 969	-	(5 405)	95%	94%	-
Single-year expenditure									
Vote 1 - Council General	-	-	-	-		-	-	-	
Vote 2 - Municipal Manager	-	-	-	-		-	-	-	
Vote 3 - Strategic Support Services	3 200	(1 204)	1 996	400		(1 596)	20%	12%	
Vote 4 - Financial Services	805	1 534	2 339	1 667		(672)	71%	207%	
Vote 5 - Community Services	7 200	(4 108)	3 092	2 411		(681)	78%	33%	
Vote 6 - Technical Services	33 892	8 718	42 610	38 649		(3 960)	91%	114%	
Vote 7 - Engineering Services	-	-	-	-		-	-	-	
Vote 8 - Public Services	-	-	-	-		-	-	-	
Capital single-year expenditure	45 097	4 940	50 037	43 128	-	(6 909)	86%	96%	-
Total Capital Expenditure - Vote	151 230	4 182	155 412	143 097	-	(12 315)	92%	95%	-
Capital Expenditure - Standard									
Governance and administration	7 005	5 200	12 205	5 399	-	(6 806)	44%	77%	-
Executive and council	10	65	75	62		(13)	82%	616%	
Budget and treasury office	6 995	5 135	12 130	5 338		(6 793)	44%	76%	
Corporate services	-	-	-	-		-	-	-	
Community and public safety	23 828	(5 217)	18 611	17 383	-	(1 248)	93%	73%	-
Community and social services	728	333	1 061	481		(580)	45%	66%	
Sport and recreation	22 600	(5 630)	16 970	16 451		(520)	97%	73%	
Public safety	500	-	500	432		(68)	86%	86%	
Housing	-	80	80	-		(80)	-	-	
Health	-	-	-	-		-	-	-	
Economic and environmental services	51 601	(16 131)	35 470	36 085	-	615	102%	70%	-
Planning and development	-	40	40	11		(29)	27%	#DIV/0!	
Road transport	51 601	(16 171)	35 430	36 074		644	102%	70%	
Environmental protection	-	-	-	-		-	-	-	
Trading services	68 797	20 329	89 126	84 251	-	(4 875)	95%	122%	-
Electricity	45 490	1 643	47 133	46 877		(256)	99%	103%	
Water	7 308	12 854	20 162	15 555		(4 606)	77%	213%	
Waste water management	14 483	7 003	21 485	21 472		(13)	100%	148%	
Waste management	1 516	(1 170)	346	346		-	100%	23%	
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	151 230	4 182	155 412	143 097	-	(12 315)	92%	95%	-
Funded by:									
National Government	57 260	-	57 260	55 302		(1 958)	97%	97%	
Provincial Government	100	-	100	25		(75)	25%	25%	
District Municipality	-	429	429	429		-	100%	#DIV/0!	
Other transfers and grants	-	-	-	-		-	-	-	
Transfers recognised - capital	57 360	429	57 789	55 756	-	(2 033)	96%	97%	-
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	93 870	3 753	97 623	87 342	-	(10 282)	89%	93%	-
Total Capital Funding	151 230	4 182	155 412	143 097	-	(12 315)	92%	95%	-

Appendix I Budget Cash Flow								
WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows								
Description	2021/22							2020/21
	Original Budget	Budget Adjustments (i.L.O. MFMA 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	814 021	(7 563)	806 458	887 197	80 740	110.0%	109.0%	804 994
Government - operating	147 172	10 308	157 480	151 359	(6 121)	96.1%	102.8%	152 123
Government - capital	57 360	429	57 789	57 360	(429)	99.3%	100.0%	52 924
Interest	17 456	-	17 456	16 110	(1 346)	92.3%	92.3%	14 678
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(959 913)	(32 170)	(992 083)	(950 622)	41 460	95.8%	99.0%	(839 767)
Finance charges	(21 336)	-	(21 336)	(15 929)	5 407	74.7%	74.7%	(22 676)
Transfers and Grants	(4 365)	(2 853)	(7 218)	(3 582)	3 636	49.6%	82.1%	(4 452)
NET CASH FROM/(USED) OPERATING ACTIVITIES	50 395	(31 849)	18 546	141 893	123 347	765.1%	281.6%	157 823
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	(352)	(352)	#DIV/0!	#DIV/0!	4 024
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	50	-	50	(521)	(571)	-1042.5%	-1042.5%	1 143
Decrease (increase) in non-current investments	-	-	-	11 414	11 414	#DIV/0!	#DIV/0!	(85 000)
Payments								
Capital assets	(151 230)	(3 548)	(154 778)	(134 466)	20 312	86.9%	88.9%	(123 796)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(151 180)	(3 548)	(154 728)	(123 924)	30 804	80.1%	82.0%	(203 629)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	100	-	100	220	120	220.5%	220.5%	135
Payments								
Repayment of borrowing	(13 041)	-	(13 041)	(18 448)	(5 407)	141.5%	141.5%	(11 702)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(12 941)	-	(12 941)	(18 227)	(5 286)	140.9%	140.9%	(11 566)
NET INCREASE/ (DECREASE) IN CASH HELD	(113 726)	(35 397)	(149 123)	(258)				(57 372)
Cash/cash equivalents at the year begin:	200 013	(10 665)	189 348	89 348				146 720
Cash/cash equivalents at the year end:	86 287	(46 062)	40 225	89 089	48 865	221.5%	103.2%	89 348

Appendix J Budget Cash backed reserves/accumulated surplus reconciliation

WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows

Description	2021/22							2020/21
	Original Budget	Budget Adjustments (i.t.o. MFMA 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 and investments available								
Cash/cash equivalents at the year end	86 287	(46 062)	40 225	89 089	48 865	221%	103%	89 348
Other current investments > 90 days	-	-	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-	-
Cash and investments available:	86 287	(46 062)	40 225	89 089	48 865	221%	103%	89 348
Applications of cash and investments								
Unspent conditional transfers	5 000	-	5 000	4 227	(773)	85%	85%	4 196
Unspent borrowing	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-
Other working capital requirements	(72 065)	15 729	(56 336)	(1 610)	54 726	3%	2%	(18 898)
Other provisions	5 781	-	5 781	-	(5 781)	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	53 865	-	53 865	57 648	3 784	107%	107%	51 759
Total Application of cash and investments:	(7 420)	15 729	8 309	60 265	51 956	725%	-812%	37 057
Surplus(shortfall)	93 706	(61 791)	31 916	28 824	(3 092)	90%	31%	52 291
	(93 706)	61 791	(31 916)	(28 824)	3 092	90%	31%	(52 291)

BREEDER VALLEY MUNICIPALITY							
Annual Financial Statements for the year ended 30 June 2022							
Appendix K: DEVIATIONS FOR THE 2020/2021 FINANCIAL YEAR							
Date Deviation Application received by SCM	Directorate	Department	Reason for Deviation (category)	Short Summary of Deviation	Deviation registered (reference Generated)	Amount approved	Service Provider/ Contractor/ Supplier
12.07.2021	ENGINEERING SERVICES	CIVIL ENGINEERING	EMERGENCY	DURING THE EARLY HOURS OF 01 JULY 2021 A SIGNIFICANT AMOUNT OF RAIN FELL IN THE AREA. AS A RESULT, THE HEXRIVER THAT FLOWS NEXT TO ZWELETHEMBA WHICH IS THE ONLY ACCESS ROAD BETWEEN ZWELETHEMBA AND WORCESTER. THE ROAD LEADING TO THE ROAD WASHED AWAY RESULTING IN THE CLOSURE THEREOF BY THE MUNICIPALITY'S EMERGENCY SERVICES	BVD 459	7 371 569.62	MARTIN & EAST (PTY) LTD
08.07.2021	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	RAW SEWERAGE OVERFLOW AND ENTER HOUSES BECAUSE PUMPS IN AVIAN PARK PUMP STATION ARE NOT COPING WITH FLOW AND ALL FOREIGN MATERIAL IN THE SEWER SYSTEM, THIS SEWERAGE SPILLS CAUSE HEALTH HAZARDS, NUISANCES AND ODORS.	BVD 460	94 702.50	STRYDOM'S ARMATURE WINDERS
29.06.2021	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	SECURITY SERVICES - 1 JULY - 31 AUGUST 2021. CONTRACT ENDING 30TH JUNE 2021 AND APPOINTED SERVICE PROVIDER HAVE 2 MONTHS TO ESTABLISH A CONTROL ROOM IN BVM.	BVD 461	RATES BASED	G4S
29.06.2021	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	SECURITY SERVICES - 1 JULY - 31 AUGUST 2021. CONTRACT ENDING 30TH JUNE 2021 AND APPOINTED SERVICE PROVIDER HAVE 2 MONTHS TO ESTABLISH A CONTROL ROOM IN BVM.	BVD 462	RATES BASED	CAPITAL SECURITY SERVICE
29.06.2021	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	SECURITY SERVICES - 1 JULY - 31 AUGUST 2021. CONTRACT ENDING 30TH JUNE 2021 AND APPOINTED SERVICE PROVIDER HAVE 2 MONTHS TO ESTABLISH A CONTROL ROOM IN BVM.	BVD 463	RATES BASED	AC SECURITY
29.06.2021	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	SECURITY SERVICES - 1 JULY - 31 AUGUST 2021. CONTRACT ENDING 30TH JUNE 2021 AND APPOINTED SERVICE PROVIDER HAVE 2 MONTHS TO ESTABLISH A CONTROL ROOM IN BVM.	BVD 464	4 636.34	HEXVALLEI SECURITY SERVICE
29.06.2021	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	SECURITY SERVICES - 1 JULY - 31 AUGUST 2021. CONTRACT ENDING 30TH JUNE 2021 AND APPOINTED SERVICE PROVIDER HAVE 2 MONTHS TO ESTABLISH A CONTROL ROOM IN BVM.	BVD 465	RATES BASED	SECURITEM (PTY) LTD
29.06.2021	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	MONITORING OF ROBERTSON SUBSTATION. SEPARATE INCIDENTS OCCURRED AT THE SUBSTATION WHERE EXTENSIVE DAMAGE WAS CAUSED TO ELECTRICAL INFRASTRUCTURE AND ALARM SYSTEM.	BVD 466	RATES BASED	LTS SECURITY (PTY) LTD
02.07.2021	ENGINEERING SERVICES	ELECTRICAL SERVICES	EMERGENCY	ZWELETHEMBA AREA ARE SUPPLIED VIA TWO 11KV CABLES RUNNING UNDERNEATH THE BRIDGE. APPROXIMATELY 2800 CONSUMERS SUPPLIED BY THE 11KV CABLES. ON THE 1 JULY 2021 PORTION OF THE BRIDGE IN ZWELETHEMBA COLLAPSED. UPON FURTHER INVESTIGATION FOUND 11KV CABLE WITHIN POOR CONDITION.	BVD 467	496 834.98	BLOEMHOF ELECTRICAL (PTY) LTD
16.07.2021	STRATEGIC SERVICES	HUMAN RESOURCES	EXCEPTIONAL CASE	PAYMENT OF SELECTION AND REPORTING PROCESS CONDUCTED FOR DIRECTOR: PUBLIC SERVICES AND LEGAL ADVISOR POSITIONS. REFER TO AUTHORISED PROCESS IN PREVIOUS BOOK YEAR BUT COULD NOT FINALIZE ALL POSITIONS BECAUSE OF COVID-19	BVD 468	36 675.83	ROY STEELE & ASSOCIATES

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02.07.2021	ENGINEERING SERVICES	CIVIL ENGINEERING	EMERGENCY	DURING THE EARLY HOURS OF 01 JULY 2021 A SIGNIFICANT AMOUNT OF RAIN FELL IN THE AREA. AS A RESULT, THE HEXRIVER THAT FLOWS NEXT TO ZWELETHEMBA WHICH IS THE ONLY ACCESS ROAD BETWEEN ZWELETHEMBA AND WORCESTER. THE ROAD LEADING TO THE ROAD WASHED AWAY RESULTING IN THE CLOSURE THEREOF BY THE MUNICIPALITY'S EMERGENCY SERVICES. PROPER ROAD CLOSURE OF THE ACCESS ROAD TO ZWELETHEMBA (RAYMOND POLLARD ROAD) BOTH SIDES OF THE BRIDGES AT THE HEXRIVER CROSSING BY MEANS OF NEW JERSEY BARRIERS ARE REQUIRED.	BVD 469	241 500.00	MARTIN & EAST (PTY) LTD
21.07.2021	STRATEGIC SERVICES	ICT	EXCEPTIONAL CASE	LICENSE FEES FOR 36 MONTHS- TIME & ATTENDANCE AND ACCESS CONTROL SYSTEM- INTEGRATES WITH SAGE. IMPRACTICAL TO REQUIRE SERVICES FROM ANOTHER VENDOR, SINCE WE HAVE ALREADY PROCURED THE SOFTWARE.	BVD 470	806 865.46	ERSBIO
26/07/2021	FINANCE	SCM	EXCEPTIONAL CASE	REQUEST FOR EXTENTION OF TIME FOR FORMAL QUOTES (PERIOD APPROVED 1 YEAR) FOR THE NEW SCM BUILDING.BVM NEEDS TO EXTEND THE DURATION OF THESE CONTRACTS TILL NOVEMBER 2021 IN ORDER TO BE COMPLIANT WITH SCM REGULATION 19 (A).	BVD 472	0.00	BOSH PROJECTS, SHEQ4AFRICA, IKG ARGILEHS, IKG QUANTITY SURVEYOR, GEOCOR CONSULTING ENG
44 355.00	SSS	HR	EXCEPTIONAL CASE	PLACING OF ADVERTS IN NEWSPAPER	BVD 473	680 000.00	ARENA HOLDINGS/ MEDIA 24
44 538.00	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	EMERGENCY REPAIRS - SEWER PIPELINE IN RAWSONVILLE. PIPELINE COLLAPSE. ITEMS WAS NOT AVAILABLE IN STORES.	BVD 474	6 149.45	AGRICO
44 538.00	COMMUNITY SERVICES	HR	EXCEPTIONAL CASE	PROFFESIONAL LANDSURVEYOR FOR SUBDIVISION OF ERVEN.	BVD 475	70 000.00	RIDING & WATT
20/08/2021	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	SUBSCRIPTION OF NEWSPAPERS FOR THE 3 LIBRARIES.	BVD 476	6 453.00	INDEPENDENT NEWSPAPER/ MEDIA 24
23/08/2021	OFFICE OF THE MM	RISK MANAGEMENT	EXCEPTIONAL CASE	ANNUAL AFRICAN FRAUD CONFERENCE & EXHIBITION VIRTUAL CONFERENCE TO BE ATTEND BY MR ECLOETE 13-15 SEPTEMBER 2021	BVD 477	7 500.00	ACFE
23/08/2021	OFFICE OF THE MM	RISK MANAGEMENT	EXCEPTIONAL CASE	IRMSA ANNUAL CONFERENCE ATTENT BY MR ECLOETE ON 29 - 30 SEPTEMBER 2021	BVD 478	4 205.00	THE INSTITUTE OF RISK MANAGEMENT
25/08/2021	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	CONSTRUCTION OF A TEMPORY SEWER LINE TO RAWSONVILLE WWTW. THE MAIN SEWER PIPELINE COLLAPSED.	BVD 479	180 659.25	ROBOT PUMPS
26/08/2021	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	EMERGENCY REPAIR AND SAFEGUARD OF ZWELETHEMBA PUMPSTATION AFTER VANDALISM. REPAIR ELECTRICAL PANEL AND PUMPS TO SAFEGUARD PUMPSTATION	BVD 480	190 003.00	ROBOT PUMPS

BREDE VALLEY MUNICIPALITY							
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Appendix K: DEVIATIONS FOR THE 2020/2021 FINANCIAL YEAR							
44 264.00	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	BVM RECEIVED 2 APPEALS ON THE OUTCOME OF THE SECURITY MONITORING TENDER WHICH HALTED THE IMPLEMENTATION PROCESS OF CLUSTER 3 (INSTALLATION OF SECURITY EQUIPMENT ON SITE MONITORING). THESE APPEALS ARE NOW SETTLED AND THE SUCCESSFUL BIDDERS CAN PROCEED WITH THEIR RESPECTIVE IMPLEMENTATION PLANS FOR SECURITY MONITORING. THE NEW TENDER GRANT THE SUCCESSFUL BIDDERS A PERIOD OF 2 MONTHS TO ESTABLISH A CONTROL ROOM AND TO INSTALL ALL RELATED SECURITY EQUIPMENT. DUE TO THIS PERIOD, IT IS IMPRACTICAL AND IMPOSSIBLE TO FOLLOW AN ADDITIONAL BIDDING PROCESS IN ORDER TO ADDRESS THE SAME RISK, THEREFOR BVM UTILIZE THE SERVICES OF AN EXISTING CONTRACT FOR GUARDING SECURITY SERVICES AS AN ALTERNATIVE, ADDRESSING THE SAME RISK.	BVD 481	1 100 000.00	SECURITEM (PTY) LTD
14/09/2021	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	THE BOOK DETECTION SYSTEM WAS INSTALLED AND MAINTENANCE BY CSX CUSTOMER SERVICES. A SENSITISER MUST BE BOUGHT AND ARE IMPRACTICAL TO BUY FROM ANOTHER COMPANY.	BVD 482	20 416.33	CSX
22/09/2021	PUBLIC SERVICES	WATER & WASTEWATER TREATMENT	EMERGENCY	BREAKDOWN OF THE UPS AT STETTYNSKLOOF WTW. THE WATER CANNOT BE TREATED AND FLOW REGULATED. THIS COULD BE A HEALTH RISK TO THE CONSUMERS AND WATER LOSS RISK OF RESERVOIRS OVERFLOWING AND/OR NOT RECEIVING FLOW AND RUNNING DRY.	BVD 483	9 246.00	KAROO SOLAR
44 357.00	SSS	LEGAL SERVICES	EXCEPTIONAL CASE	THE TENDER WITH CLAREMART DID EXPIRED ON JUNE 2021 AND NO AUCTIONS WAS HELD WITHIN THE RESTRICTION AT LOCKDOWN. CLAREMART DID COMPLY WITH THE TENDER CONDITIONS FOR PURPOSES OF THE AUCTION WHICH WAS SCHEDULED FOR 28 JUNE BUT AUCTIONS WAS PROHIBITED. AL CATALOGUES, AUCTIONEERS VENUE ROLL, PHOTOGRAPHS, PROPERTY INFORMATION, ERECTION OF AUCTION BOARDS AND MARKETING CAMPAIGN WAS IN PLACE. THE NEW TENDER IS NOT YET APPROVED. THEREFOR IT IS IMPRACTICAL TO FOLLOW A NEW PROCESS ESPECIALLY GIVEN THAT CLAREMART ALREADY FINALIZE THE FINAL PREPARATIONS FOR THE AUCTION. 2.9% INCOME	BVD 484	RATES BASED (3%)	CLAREMART AUCTIONEERS
44 510.00	OFFICE OF THE MM	RISK MANAGEMENT	EXCEPTIONAL CASE	ASSOCIATION OF CERTIFIED FRAUD EXAMINERS SUBSCRIPTION FEED 2020 FOR EDWARD CLOETE	BVD 485	3 230.00	ACFE
15/10/2021	PUBLIC SERVICES	WATER TREATMENT WORKS	EMERGENCY	EMERGENCY SECURITY GUARDS NEEDED FOR RELOAD RESERVOIRS	BVD 486	11 730.00	CAPITAL SECURITY SERVICE
19/10/2021	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	EMERGENCY C.C.T.V INSPECTION AND REPAIR OF 160 DIA PIPE.	BVD 487	12 477.50	TURBOSEAL

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20/10/2021	COMMUNITY SERVICES	SUPPORT SERVICES	EXCEPTIONAL CASE	BVM RECEIVED 2 APPEALS ON THE OUTCOME OF THE SECURITY MONITORING TENDER WHICH HALTED THE IMPLEMENTATION PROCESS OF CLUSTER 3 (INSTALLATION OF SECURITY EQUIPMENT ON SITE MONITORING). THESE APPEALS ARE NOW SETTLED AND THE SUCCESSFUL BIDDERS CAN PROCEED WITH THEIR RESPECTIVE IMPLEMENTATION PLANS FOR SECURITY MONITORING. THE NEW TENDER GRANT THE SUCCESSFUL BIDDERS A PERIOD OF 2 MONTHS TO ESTABLISH A CONTROL ROOM AND TO INSTALL ALL RELATED SECURITY EQUIPMENT. DUE TO THIS PERIOD, IT IS IMPRACTICAL AND IMPOSSIBLE TO FOLLOW AN ADDITIONAL BIDDING PROCESS IN ORDER TO ADDRESS THE SAME RISK, THEREFOR BVM UTILIZE THE SERVICES OF AN EXISTING CONTRACT FOR GUARDING SECURITY SERVICES AS AN ALTERNATIVE, ADDRESSING THE SAME RISK.	BVD 488	2 100 000.00	CAPITAL SECURITY SERVICE
44 297.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	SOLE SUPPLIER	REPAIR GALLERY ANALYSER (PHOTO SPECYROMETER) FOR THE USE OF WATER AND WASTEWATER ANALYSIS.	BVD 489	85 169.69	ANATECH
44 450.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIR TO AVIAN PARK PUMPSTATION TO OPERATE EFFECTIVELY AND ENSURING THAT ALL FOUR PUMPS WITH PIPEWORK, VALVES, ELECTRICAL COMPONENTS AND BRACKETS ARE REPAIRED AND REPLACED. THE SEWAGE SPILLS CAUSE HEALTH HAZARDS. CONSTANT VANDALISM DAMAGED THE PIPEWORK, VALVES AND PUMPS.	BVD 490	444 044.90	NOVA VIDA PUMPING SOLUTIONS
25/11/2021	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	OPENING OF SEWER PIPELINES BVM- CONTRACTORS ON BIDS DO NOT HAVE EQUIPMENT AVAILABLE ON TIME OF EMERGENCY	BVD 491	67 850.00	WINTERBACH BROERS
44 239.00	STRATEGIC SERVICES	LEGAL SERVICES	EXCEPTIONAL CASE	THE PROCEDURE TO REGISTER PROPERTIES IN THE DEEDS OFFICE IS RATHER COMPLEX IN NATURE AND TECHNICAL CHALLENGES OFTEN ONLY SURFACE DURING THIS PROCESS. THESE ERVEN COULD ONLY BE TRANSFERRED AFTER SAME HAD BEEN SUBDIVIDED AND THE SUBDIVISION / GENERAL PLAN WAS REGISTERED IN THE DEEDS OFFICE. OF IMPORTANCE IS TO TAKE COGNIZANCE THAT THE REGISTRATION OF THE GENERAL PLAN WAS NOT A NEW INSTRUCTION, AS IT FLOWED FROM THE TRANSFER PROCESS AND WAS A PREREQUISITE TO ENSURE OWNERSHIP TO THE RESPECTIVE PURCHASERS. AS MTB WAS ALREADY ATTENDING TO THE TRANSFERS OF THE TWENTY-FIVE (25) ERVEN, IT WAS IMPRACTICAL TO HAVE ANOTHER LAW FIRM ATTEND TO THE REGISTRATION OF THE SUBDIVISION PLAN.	BVD 492	18 818.50	MULLER, TERBLANCHE & BEYER
44 451.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS OF ELECTRICAL AND MECHANICAL EQUIPMENT AT DE DOORNS WWTW	BVD 493	172 212.65	FIAB MECHANICAL
44 451.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS OF ELECTRICAL AND MECHANICAL EQUIPMENT AT RAWSONVILLE WWTW	BVD 494	685143,55	NOVA VIDA PUMPING SOLUTIONS
13/01/2022	SSS	ICT	EXCEPTIONAL CASE	LICENCE OF SOPHOS (ANTI VIRUS SYSTEM)	BVD 495	170 343.06	DATATEGRA
27/01/2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	RIP IN PIPELINE CAUSE WATER LOSS AND HEALTH HAZARD. EMERGENCY REPAIR.	BVD 496	17 744.50	DE LA ROSA TRAILORS
27/01/2022	ENGINEERING SERVICES	ELECTRICAL SERVICES	EMERGENCY	EMERGENCY REPAIR OF PRIMA KLIPBREKERS RING MAIN UNIT	BVD 497	18 485.10	DE KOCK AND CRONJE

BREEDE VALLEY MUNICIPALITY							
Annual Financial Statements for the year ended 30 June 2022							
Appendix K: DEVIATIONS FOR THE 2020/2021 FINANCIAL YEAR							
44 836.00	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	EXCEPTIONAL CASE	PROVISIONING OF SECURITY SERVICES TO SITES AND BUILDINGS OF BVM	BVD 498	1 700 000.00	CAPITAL SECURITY SERVICE
44 836.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	REPAIRS TO DEWATERING FACILITY COMPRESSOR UNIT WASTE SLUDGE	BVD 499	244 634.72	TS WATER PROJECTS
44 836.00	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	SUBSCRIPTION OF NEWSPAPERS FOR THE 3 LIBRARIES.	BVD 500	15 349.24	MEDIA 24
44 836.00	STRATEGIC SERVICES	ADMINISTRATION AND SUPPORT	EXCEPTIONAL CASE	MAINTENANCE OF FRAMA FRANKING MACHINE	BVD 501	38 400.00	FRAMA PTY LTD
44 867.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EXCEPTIONAL CASE	EMERGENCY REPAIR BOOSTER STETTYNSKLOOF WTW	BVD 502	117 990.00	STRYDOM'S ARMATURE WINDERS
44 867.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIR GENERATOR STETTYNSDKLOOF WTW	BVD 503	11 759.81	BREERIVIER KOMMUNIKASIE
17/02/2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS AND REFURBISHMENT OF WORCESTER WWTW	BVD 505	1 136 004.50	FIAB MECHANICAL
17/02/2022	OFFICE OF THE MM	RISK MANAGEMENT	EXCEPTIONAL CASE	ANNUAL MEMBERSHIP FEES 2022 FOR EDWARD CLOETE	BVD 506	2 450.00	THE INSTITUTE OF RISK MANAGEMENT
17/02/2022	COMMUNITY SERVICES	ELECTRICAL SERVICES	EXCEPTIONAL CASE	REPAIRS FOR CONTROL CIRCUIT OF MOTOR IRRIGATION AT DE DOORNS SPORTGROUNDS	BVD 507	21 000.00	F AND S ELECTRICAL
21.02.2022	PUBLIC SERVICES	TECHICAL SERVICES	EMERGENCY	SUPPLY AND DELIVERY OF SLUDGE PUMPS	BVD 508	192 512.75	MEMOTEK TRADING
22.02.2022	PUBLIC SERVICE	WATER AND WASTEWATER TREATMENT	EMERGENCY	REPAIR OF 19MM CHLORINE INJECTOR AT DE DOORN WATERWORK TREATMENT PLANT	BVD 509	13 150.94	MAXAL PROJECTS
23.02.2022	OFFICE OF THE MM	SUPPORT SERVICES	EXCEPTIONAL CASE	INSTALLATION OF PMD 85 REPEATER KIT	BVD 510	27 311.30	CAPITAL SECURITY SERVICE
24.02.2022	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	SERVICE AND REPAIR OF WORCESTER, DE DOORNS AND TOUWSRIVIER WWTW (MECHANICAL EQUIPMENT STRIP, QUOTE AND REPAIR	BVD 511	593 990.00	TRANSMISSION GEAR SERVICES
18.03.2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS VALVE CHLORINE INJECTOR	BVD 512	8 468.60	MAXAL PROJECTS
18.03.2022	FINANCE	FINANCIAL PLANNING	EXCEPTIONAL CASE	RENEWAL OF CASEWARE LICENCES	BVD 513	82 719.50	ADAPT IT
31.03.2022	SSS	LEGAL SERVICES	EMERGENCY	PROCUREMENT OF TOOL OF TRADE FOR DIRECTOR: PUBLIC SERVICES	BVD 514	36 120.00	BNIT
30.03.2022	ENGINEERING SERVICES	ELECTRICAL SERVICES	EMERGENCY	SUPPLY AND INSTALL OF 100 KVA POLE MOUNTED TRANSFORMER	BVD 515	115 573.28	ADENCO
30.03.2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY CLEANING OF DE WET CHANNEL - SUPPLY DRINKING WATER TO FARMS AND SMALL HOLDINGS	BVD 516	51 000.00	LEE- HANDRO EL-CHANNUN
30.03.2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY ALTERATIONS TO OXIDATION DITCH 2 AT DE DOORNS WWTW	BVD 517	987 878.34	TRAUTMAN TRADING

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Annual Financial Statements for the year ended 30 June 2022							
Appendix K: DEVIATIONS FOR THE 2020/2021 FINANCIAL YEAR							
31.03.2022	SSS	ICT	EXCEPTIONAL CASE	REPAIR OF FIRE OPTIC AT ZWELETHEMBA FIRE STATION AND LIBRARY - BEEN VANDALISED. COMPANY WAS ON SITE AS PER SCM PROCESS AND THEREFOR NOT PRACTICAL TO USE ANOTHER SERVICE PROVIDER.	BVD 518	14 605.00	T.H.E NETWORK COMPUTER SERVICES
6.04.2022	COMMUNITY SERVICES	TRAFFIC DEPARTMENT	SOLE SUPPLIER	VEHICLE TESTING EQUIPMENT- TO TEST ROADWORTHY OF MOTOR CYCLES.	BVD 519	37 200.00	ANALOGUE AND DIGITAL SYSTEM
4.04.2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	CLEANING AND CCTV CAMERA OF SEWER PIPE LINE TO RAWSONVILLE WWTW	BVD 520	399 477.80	TUBOSEAL
19.04.2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS ELECTRICAL/ MECHANICAL EQUIPMENT AT DE DOORNS WWTW. (REFER TO ORIGINAL DEVIATION BVD 494 -ORDER 1183051) THE FAULTY MECHANICAL EQUIPMENT WERE UNFORSEEN CIRCUMSTANCES. HEALTH HAZARD	BVD 522	113 965.00	NOVA VIDA PUMPING SOLUTIONS
14.04.2022	OFFICE OF THE MM	RISK MANAGEMENT	EXCEPTIONAL CASE	SOFTWARE LICENSE FOR BARNOWL SYSTEM. THE SYSTEM BELONGS TO IDI TECHNOLOGY AND LICENES CAN NOT BE PROVIDE BY OTHER SERVICE PROVIDER.	BVD 523	4 947.88	IDI TECHNOLOGY SOLUTIONS
19.04.2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS AND REFURBISHMENT OF WWTW. THE OLDER PART OF WWTW IS NON OPERATIONAL AND NEW SECTION UNDER STRAIN WITH HIGH ORGANIC LOAD. HEALTH HAZARDS.	BVD 524	511 216.02	DELTA REWINDS
25.04.2022	SSS	ICT	EXCEPTIONAL CASE	RENEWAL OF CASEWARE LICENCES - RED HAT LINUX OPERATING SYSTEM. NEEDED FOR UPDATES AND SECURITY PATCHES WHICH CAN LEAD TO VIRUSES ATTACKS AND POSSIBLE HACKING INTO OUR MUNICIPAL SYSTEM.	BVD 525	119 560.90	DATATEGRA
17.05.2022	FINANCE	FINANCIAL PLANNING	EXCEPTIONAL CASE	THE REVIEW AND UPDATE OF LONG-TERM FINANCIAL PLAN INCLUSIVE 2022/2023 - 2024/2025 BUDGET PROCESS	BVD 526	195 000.00	INCA
18.05.2022	ENGINEERING SERVICES	ELECTRICAL SERVICES	EMERGENCY	REPAIR CONTROL CIRCUIT OF MOTOR- WARE SUPPLY DE WET COMMUNITY	BVD 527	42 825.31	NOVA VIDA PUMPING SOLUTIONS
44 626.00	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY DIVING IN WORCESTER DAM TO BLANK OFF OUTLET PIPE AND RE-OPEN AFTER VALVE REPAIR. CERTIFIED DIVERS.	BVD 528	27 259.60	BREAKWATER DIVING SERVICES
44 626.00	AUDITORS	MUNICIPAL OFFICE	EXCEPTIONAL CASE	RENEWAL OF MEMBERSHIP FEES FOR INTERNAL AUDITORS- PREFFESIONAL BODY	BVD 529	14 791.88	THE INSTITUTE OF INTERNAL AUDITORS
44 748.00	ENGINEERING SERVICES	TECHICAL SERVICES	EMERGENCY	CONTRACT BV 823/2021 UPGRADING OF GRAVEL ROADS AT AVIAN PARK.	BVD 530	1 566 657.58	JVZ
21/06/2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIR OF LEIWATER VALVE AT WORCESTER DAM	BVD 533	2 127.50	WORCESTER PROJECT AND MAINTENANCE

BREEDE VALLEY MUNICIPALITY							
Annual Financial Statements for the year ended 30 June 2022							
Appendix K: DEVIATIONS FOR THE 2020/2021 FINANCIAL YEAR							
30/06/2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	SUPPLY OF A 140mm UPVC PIPE DURING THE EMERGENCY REPAIR OF THE COLLAPSED SEWER PIPELINE IN RAWSONVILLE. IMMEDIATE INTERVENTION WAS REQUIRED TO AVOID FURTHER SEWER SPILLAGE TO THE ENVIRONMENT AND PUBLIC	BVD 534	7 579.88	AGRICO
30/06/2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	RENTAL OF AN EXCAVATOR TO OPEN TRENCHES DURING THE EMERGENCY REPAIR OF COLLAPSED SEWER MAIN PIPELINE IN RAWSONVILLE (SECTION 2). IMMEDIATE INTERVENTION WAS REQUIRED TO AVOID UNNECESSARY SEWER SPILLAGE TO THE COMMUNITY AND ENVIRONMENT	BVD 535	41 917.50	WINTERBACH BROERS
30/06/2022	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	RENTAL OF AN TRUCKS TO DRIVE AWAY SPOIL MATERIAL DURING THE EMERGENCY REPAIR OF COLLAPSED SEWER MAIN PIPELINE IN RAWSONVILLE (SECTION 1). IMMEDIATE INTERVENTION WAS REQUIRED TO AVOID UNNECESSARY SEWER SPILLAGE TO THE COMMUNITY AND ENVIRONMENT	BVD 536	54 050.00	WINTERBACH BROERS
						22 999 017.49	

BREED VALLEY MUNICIPALITY													
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022													
APPENDIX L: INVESTMENTS													
Date Invested	Institution	ID	Account Number	Rate	Period	Amount	Maturity Date	Withdrawn	Date Recelpted	Receipt Number	Expected Interest	Interest Received	Difference
											0.00		0.00
17/Dec/20	NEDBANK	396	03/7881531576/291	4.50%	214	5 000 000	19/Jul/21	5 000 000	19/Jul/21	4000440369	131 917.81	131 917.81	0.00
17/Dec/20	STANDARD	397	288460898-070	4.750%	214	5 000 000	19/Jul/21	5 000 000	19/Jul/21	4000440370	139 246.58	139 246.58	0.00
26/Jan/21	NEDBANK	398	03/7881531576/292	4.55%	181	5 000 000	26/Jul/21	5 000 000	26/Jul/21	5000425896	112 815.07	112 815.07	0.00
											0.00		0.00
												383 979.46	
											0.00		0.00
22-Apr-21	NEDBANK	410	03/7881531576/297	4.55%	123	5 000 000	23-Aug-21	5 000 000	23-Aug-21	4000441802	76 664.38	76 664.38	0.00
26-Jan-21	ABSA	399	2079605435	4.35%	212	5 000 000	26-Aug-21	5 000 000	26-Aug-21	2000333620	126 328.77	126 328.77	0.00
26-Jan-21	STANDARD	400	288460898-071	4.525%	212	5 000 000	26-Aug-21	5 000 000	26-Aug-21	2000333621	131 410.96	131 410.96	0.00
											0.00		0.00
												334 404.11	
											0.00		0.00
22-Apr-21	ABSA	411	2079768611	4.39%	153	5 000 000	22-Sep-21	5 000 000	22-Sep-21	5000427974	92 009.59	92 009.59	0.00
23-Feb-21	ABSA	402	2079654997	4.48%	212	5 000 000	23-Sep-21	5 000 000	23-Sep-21	2000334612	130 104.11	130 104.11	0.00
23-Feb-21	NEDBANK	403	03/7881531576/294	4.650%	212	5 000 000	23-Sep-21	5 000 000	23-Sep-21	2000334619	135 041.10	135 041.10	0.00
26-Jan-21	NEDBANK	401	03/7881531576/293	4.65%	244	5 000 000	27-Sep-21	5 000 000	27-Sep-21	5000428191	155 424.66	155 424.66	0.00
24-Mar-21	ABSA	405	2079710278	4.59%	187	5 000 000	27-Sep-21	5 000 000	27-Sep-21	5000428200	117 579.45	115 693.15	1 886.30
24-Mar-21	ABSA	405	2079710278	4.590%					27-Sep-21	5000428200	0.00	1 886.30	-1 886.30
24-Mar-21	ABSA	405	2079710278	4.590%	1				28-Sep-21	5000428202	628.77	628.77	0.00
											0.00		0.00
												630 787.68	
											0.00		0.00
23-Feb-21	NEDBANK	404	03/7881531576/295	4.70%	244	5 000 000	25-Oct-21	5 000 000	25-Oct-21	5000429064	157 095.89	157 095.89	0.00
24-Mar-21	ABSA	406	2079710317	4.630%	215	5 000 000	25-Oct-21	5 000 000	25-Oct-21	5000429065	136 363.01	136 363.01	0.00
24-Mar-21	FNB	407	74892725639	4.40%	215	5 000 000	25-Oct-21	5 000 000	25-Oct-21	5000429063	129 589.04	129 589.04	0.00
24-Aug-21	STANDARD	416	288460898-074	4.150%	62	5 000 000	25-Oct-21	5 000 000	25-Oct-21	5000429066	35 246.58	35 246.58	0.00
											0.00		0.00
												458 294.52	
											0.00		0.00
24-Aug-21	FNB	417	74912286511	4.13%	90	5 000 000	22-Nov-21	5 000 000	22-Nov-21	4000444453	50 917.81	50 917.80	0.01
22-Apr-21	STANDARD	412	288460898-073	4.73%	215	5 000 000	23-Nov-21	5 000 000	23-Nov-21	4000444482	139 160.96	139 160.96	0.00
24-Mar-21	NEDBANK	408	03/7881531576/296	4.900%	245	5 000 000	24-Nov-21	5 000 000	24-Nov-21	4000444503	164 452.05	164 452.05	0.00
24-Mar-21	STANDARD	409	288460898-072	4.88%	245	5 000 000	24-Nov-21	5 000 000	24-Nov-21	4000444504	163 613.01	163 613.01	0.00
											0.00		0.00
												518 143.82	
											0.00		0.00
22-Apr-21	NEDBANK	413	03/7881531576/298	4.85%	244	5 000 000	22-Dec-21	5 000 000	22-Dec-21	2000338116	162 109.59	162 109.59	0.00
24-Aug-21	STANDARD	418	288460898-075	4.48%	122	5 000 000	24-Dec-21	5 000 000	23-Dec-21	2000338203	74 787.67	74 787.67	0.00
28-May-21	NEDBANK	414	03/7881531576/299	4.80%	214	5 000 000	28-Dec-21	5 000 000	23-Dec-21	2000338206	140 712.33	140 712.33	0.00
28-May-21	FNB	415	74901523164	4.330%	214	5 000 000	28-Dec-21	5 000 000	23-Dec-21	2000338205	126 934.25	126 934.24	0.01
											0.00		0.00
												504 543.83	
											0.00		0.00
24/Aug/21	ABSA	419	2079990527	4.34%	153	5 000 000	24/Jun/22	5 000 000	24/Jun/22	2000339149	90 961.64	90 961.64	0.00
24-Aug-21	NEDBANK	420	03/7881531576/301	4.60%	153	5 000 000	24-Jan-22	5 000 000	24-Jan-22	4000446454	96 410.96	96 410.96	0.00
25-Nov-21	NEDBANK	428	03/7881531576/304	4.400%	61	5 000 000	25-Jan-22	5 000 000	25-Jan-22	4000446493	36 767.12	36 767.12	0.00
											0.00		0.00
												224 139.72	
											0.00		0.00
24-Aug-21	NEDBANK	421	03/7881531576/302	4.70%	184	5 000 000	24-Feb-22	5 000 000	24-Feb-22	5000432579	118 465.75	118 465.75	0.00
24-Aug-21	STANDARD	422	288460898-076	4.725%	184	5 000 000	24-Feb-22	5 000 000	24-Feb-22	5000432578	119 095.89	119 095.89	0.00
25-Nov-21	FNB	429	74925968221	4.32%	92	5 000 000	25-Feb-22	5 000 000	28-Feb-22	5000432602	54 443.84	54 443.83	0.01
											0.00		0.00
												292 005.47	
											0.00		0.00
21-Oct-21	ABSA	425	2080077566	4.490%	152	5 000 000	22-Mar-22	5 000 000	22-Mar-22	5000433714	93 490.41	93 490.41	0.00
21-Oct-21	STANDARD	426	288460898-078	4.85%	152	5 000 000	22-Mar-22	5 000 000	22-Mar-22	5000433715	100 986.30	100 986.30	0.00
24/Aug/21	STANDARD	423	288460898-077	4.83%	212	5 000 000	24/Mar/22	5 000 000	24/Mar/22	4000448305	140 123.29	140 123.29	0.00
25-Nov-21	NEDBANK	430	03/7881531576/305	4.650%	120	5 000 000	25-Mar-22	5 000 000	25-Mar-22	4000448323	76 438.36	76 438.36	0.00
25-Nov-21	STANDARD	431	288460898-080	4.93%	120	5 000 000	25-Mar-22	5 000 000	25-Mar-22	4000448324	80 958.90	80 958.90	0.00
28-Sep-21	NEDBANK	424	03/7881531576/303	4.750%	181	10 000 000	28-Mar-22	10 000 000	28-Mar-22	5000433878	235 547.95	235 547.95	0.00
											0.00		0.00
												727 545.21	
											0.00		0.00
21/Oct/21	STANDARD	427	288460898-079	4.90%	182	5 000 000	21/Apr/22	5 000 000	21/Apr/22	5000434786	122 164.38	122 164.38	0.00
25/Nov/21	FNB	432	74925967182	4.530%	151	10 000 000	25/Apr/22	10 000 000	25/Apr/22	2000342467	187 405.48	187 405.47	0.01
											0.00		0.00
												309 569.85	
											0.00		0.00
25/Nov/21	NEDBANK	433	03/7881531576/306	5.10%	181	10 000 000	25/May/22	10 000 000	25/May/22	5000435740	252 904.11	252 904.11	0.00
25/Nov/21	STANDARD	434	288460898-081	5.125%	182	5 000 000	26/May/22	5 000 000	26/May/22	4000450382	127 773.97	127 773.97	0.00
27/Jan/22	FNB	439	74933426021	4.60%	120	5 000 000	27/May/22	5 000 000	26/May/22	4000450383	75 616.44	75 616.43	0.01
											0.00		0.00
												456 294.51	

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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022													
APPENDIX L: 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
25/Nov/21	NEDBANK	435	03/7881531576/307	5.25%	214	5 000 000	27/Jun/22	5 000 000	27/Jun/22	2000344461	153 904.11	153 904.11	0.00
27/Jan/22	ABSA	440	2080219289	5.07%	151	5 000 000	27/Jun/22	5 000 000	27/Jun/22	2000344460	104 872.60	104 872.60	0.00
25/Nov/21	STANDARD	436	288460898-082	5.275%	215	10 000 000	28/Jun/22	10 000 000	28/Jun/22	2000344492	310 719.18	310 719.18	0.00
											0.00		0.00
												569 495.89	
											0.00		0.00
25/Nov/21	NEDBANK	437	03/7881531576/308	5.400%	242	5 000 000	25/Jul/22				179 013.70		179 013.70
27/Jan/22	STANDARD	441	288460898-084	5.40%	182	5 000 000	28/Jul/22				134 630.14		134 630.14
											0.00		0.00
												0.00	
											0.00		0.00
25/Nov/21	STANDARD	438	288460898-083	5.58%	272	5 000 000	24/Aug/22				207 726.03		207 726.03
27/Jan/22	STANDARD	442	288460898-085	5.60%	214	5 000 000	29/Aug/22				164 164.38		164 164.38
29/Mar/22	FNB	448	74942029064	5.400%	153	5 000 000	29/Aug/22				113 178.08		113 178.08
											0.00		0.00
												0.00	
											0.00		0.00
24/Feb/22	STANDARD	444	288460898-087	5.85%	214	5 000 000	26/Sep/22				171 493.15		171 493.15
24/Feb/22	NEDBANK	445	03/7881531576/310	5.90%	214	5 000 000	26/Sep/22				172 958.90		172 958.90
29/Mar/22	ABSA	449	2080331271	5.82%	181	10 000 000	26/Sep/22				288 608.22		288 608.22
27/Jan/22	NEDBANK	443	03/7881531576/309	5.80%	243	5 000 000	27/Sep/22				193 068.49		193 068.49
24/Feb/22	ABSA	446	2080268458	5.66%	215	5 000 000	27/Sep/22				166 698.63		166 698.63
29/Mar/22	NEDBANK	450	03/7881531576/312	6.05%	184	10 000 000	29/Sep/22				304 986.30		304 986.30
											0.00		0.00
												0.00	
											0.00		0.00
24/Feb/22	NEDBANK	447	03/7881531576/311	6.05%	242	5 000 000	24/Oct/22				200 561.64		200 561.64
29/Mar/22	NEDBANK	451	03/7881531576/313	6.25%	216	5 000 000	31/Oct/22				184 931.51		184 931.51
29/Mar/22	STANDARD	452	288460898-088	6.15%	216	5 000 000	31/Oct/22				181 972.60		181 972.60
											0.00		0.00
												0.00	
											0.00		0.00
29/Mar/22	STANDARD	453	288460898-089	6.350%	245	5 000 000	29/Nov/22				213 116.44		213 116.44
											0.00		0.00
												0.00	
											0.00		0.00
29/Mar/22	NEDBANK	454	03/7881531576/314	6.60%	275	5 000 000	29/Dec/22				248 630.14		248 630.14
											0.00		0.00
												0.00	
						325 000 000		235 000 000			8 534 942.47	5 409 204.07	3 125 738.40
						90 000 000							