



BREEDVLE VALLEY MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2023

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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 2023

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 Kritzinger

W.R Meiring

N.Nel

P.C Ramokhabi

E. van der Westhuizen

F.Vaughan

Accounting officer

D. McThomas

Chief Financial Officer (CFO)

R.Ontong

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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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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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)

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 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on pages 6 to 111, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023.



Accounting Officer
31 August 2023



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 2023

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2023.

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 374 603 847 (2022: R2 253 380 700) at year-end.

Net surplus of the municipality was R120 913 802 (2022: net surplus R65 977 952). 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 2023, the municipality had an accumulated surplus of R 2 374 603 847 and that the municipality's assets exceed its total liabilities by R 2 374 603 847.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency analysis show that assets cover the liabilities by 457.92% (2022 : 487.47%). 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 63 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 increased in the year ended 30 June 2023. In the financial year ended 30 June 2023 the municipality redeemed interest-bearing debt of R14 535 651. The interest paid on borrowings as a percentage of total expenditure is 1.74% (2022: 1.95%).

Investments as at 30 June 2023 amounted to R10 232 534 (2022: R91 794 251). Investments and cash and cash equivalents decreased from R180 883 586 to R158 985 717. 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 2023 amounted to R270 825 267 (2022: R143 097 329) that represented 66.08% (2022: 92.08%) of the approved capital budget of R409 826 108 (2022: R155 412 070). 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 2023

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	2023	2022
Net cash flow from operating activities	114 946 608	138 272 756
Net cash flow from investing activities	(150 847 906)	(125 710 912)
Net cash flow from financing activities	95 565 146	(12 820 253)
Net increase/(decrease) in cash and cash equivalents	59 663 848	(258 409)

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 2023 and 30 June 2022 the current ratio was 1.68 and 1.62 respectively. This reflects an increase in the ratio.

10. Accounting Officer

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

Name	Nationality
D. McThomas	South African

11. Auditors

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	148 753 183	89 089 335
Receivables from exchange transactions	4	101 496 560	98 084 507
Statutory Receivables	5	40 684 495	25 073 499
Other receivables from non exchange transactions	6	2 326 795	1 894 588
Other receivables from exchange transactions	7	10 668 820	7 989 972
Inventories	8	15 605 176	11 821 383
Short term investments	10	10 232 534	91 794 251
Long term receivables	15	4 662 834	2 147 556
Operating lease asset	9	341 391	361 087
		334 771 788	328 256 178
Non-Current Assets			
Investment property	11	96 156 600	63 286 633
Property, plant and equipment	12	2 561 275 241	2 399 706 857
Intangible assets	13	3 937 318	4 013 732
Heritage assets	14	36 631 059	36 631 059
Long term receivables	15	5 268 910	2 612 889
		2 703 269 128	2 506 251 170
Total Assets		3 038 040 916	2 834 507 348
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	100 459 951	123 494 866
Consumer deposits	17	4 687 970	4 587 173
Unspent conditional grants and receipts	18	16 423 060	4 227 344
Long term liabilities	19	26 781 010	19 580 156
Employee benefit obligation	20	47 436 261	48 139 959
Provisions	21	3 160 365	3 084 771
		198 948 617	203 114 269
Non-Current Liabilities			
Long term liabilities	19	252 462 043	164 603 202
Employee benefit obligation	20	148 015 000	158 535 000
Provisions	21	64 011 409	55 224 177
		464 488 452	378 362 379
Total Liabilities		663 437 069	581 476 648
Net Assets		2 374 603 847	2 253 030 700
Accumulated surplus		2 374 603 847	2 253 030 700

* See note 53

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	710 366 337	718 276 538
Sales of Goods and rendering of services	23	5 520 542	5 638 898
Income from agency services	24	9 690 278	9 449 678
Licenses and permits		3 123 467	2 619 982
Rental income	25	7 478 117	6 683 602
Operational Revenue	26	9 970 027	5 252 186
Finance Income	27	27 650 417	19 259 515
Total revenue from exchange transactions		773 799 185	767 180 399
Revenue from non-exchange transactions			
Taxation revenue			
Availability Charges		7 091 912	6 766 308
Property rates	28	180 017 883	173 036 896
Property rates - penalties imposed and collection		2 784 887	1 782 296
Transfer revenue			
Government grants & subsidies	29	239 168 397	208 687 115
Fines, Penalties and Forfeits	30	94 924 009	28 741 119
Donations in-kind	56	17 916 689	-
Total revenue from non-exchange transactions		541 903 777	419 013 734
Total revenue		1 315 702 962	1 186 194 133
Expenditure			
Employee related costs	31	(366 251 127)	(361 117 739)
Remuneration of councillors	32	(19 066 405)	(18 315 230)
Depreciation and amortisation	34	(94 571 263)	(88 566 291)
Bulk purchases	35	(372 992 719)	(383 068 449)
Finance costs	36	(19 436 796)	(20 973 934)
Inventory consumed	8	(50 877 550)	(41 234 443)
Contracted services	37	(109 354 531)	(96 850 686)
Operating lease		(9 185 135)	(9 036 064)
Grants and subsidies paid	38	(3 419 195)	(3 581 533)
Operational Costs	39	(65 945 843)	(48 129 122)
Agency fees paid	40	(6 521 026)	(5 550 010)
Total expenditure		(1 117 621 590)	(1 076 423 501)
Operating surplus		198 081 372	109 770 632
Gain/(loss) on disposal of assets and liabilities		(623 094)	(2 085 040)
Fair value adjustments	41	14 716 643	1 235 625
Actuarial gains/(losses)	20	25 710 286	37 808 361
Debt Impairment	33	(116 517 766)	(80 796 424)
Inventory gains/(losses)		(453 639)	44 798
Total other gains or (losses)		(77 167 570)	(43 792 680)
Surplus for the year		120 913 802	65 977 952

* See note 53

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 187 087 517	2 187 087 517
Prior year adjustments	(350 000)	(350 000)
Balance at 30 June 2021 as restated*	2 186 737 517	2 186 737 517
Changes in net assets		
Net income (losses) recognised directly in net assets (previously reported)	14 310 794	14 310 794
Correction of error	(13 995 563)	(13 995 563)
Surplus for the year (previously reported)	51 982 390	51 982 390
Correction of error	13 995 563	13 995 563
Net income (losses) recognised directly in net assets	315 231	315 231
Surplus for the year *	65 977 952	65 977 952
Total recognised income and expenses for the year	66 293 183	66 293 183
Total changes	66 293 183	66 293 183
Restated* Balance at 30 June 2022	2 253 030 696	2 253 030 696
Changes in net assets		
Net income (losses) recognised directly in net assets	659 349	659 349
Surplus for the year	120 913 802	120 913 802
Total changes	121 573 151	121 573 151
Balance at 30 June 2023	2 374 603 847	2 374 603 847

* The surplus for the 2021/22 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 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Cash flows from services and rate payers		890 983 840	873 516 734
Cash flows from government and other grants		251 364 113	208 718 846
Finance income:investing activities		26 964 198	17 288 499
		<u>1 169 312 151</u>	<u>1 099 524 079</u>
Payments			
Cash paid to employees		(370 830 943)	(358 531 133)
Cash paid to suppliers		(660 273 955)	(577 802 270)
Finance costs		(19 841 450)	(21 336 387)
Grants paid		(3 419 195)	(3 581 533)
		<u>(1 054 365 543)</u>	<u>(961 251 323)</u>
Net cash flows from operating activities	43	<u>114 946 608</u>	<u>138 272 756</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(230 245 261)	(137 446 540)
Proceeds from sale of Investment properties	11	2 085 000	1 212 744
Long term receivables		(4 481 896)	(891 570)
Increase/ decrease in investment		81 794 251	11 414 454
Net cash flows from investing activities		<u>(150 847 906)</u>	<u>(125 710 912)</u>
Cash flows from financing activities			
Proceeds from long term liabilities		110 000 000	-
Repayment of long term liabilities		(14 535 651)	(13 040 715)
Movement in consumer deposits		100 797	220 462
Net cash flows from financing activities		<u>95 565 146</u>	<u>(12 820 253)</u>
Net increase/(decrease) in cash and cash equivalents		59 663 848	(258 409)
Cash and cash equivalents at the beginning of the year		89 089 335	89 347 744
Cash and cash equivalents at the end of the year	3	<u>148 753 183</u>	<u>89 089 335</u>

* See note 53

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2023
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2022/23								2021/22
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (24 April 2023)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2022/2023)	Final Budget	Actual Outcome	Variance	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9
Financial Performance									
Revenue									
Exchange Revenue	806 688	14 235	820 921	-	-	820 921	777 768	(43 153)	771 739
Service charges - Electricity	536 542	-	536 542	-	-	536 542	474 832	(61 709)	492 828
Service charges - Water	98 700	5 191	103 891	-	-	103 891	105 610	1 720	104 101
Service charges - Waste Water Management	79 917	5 578	85 495	-	-	85 495	90 274	4 780	84 271
Service charges - Waste management	46 407	-	46 407	-	-	46 407	48 941	534	43 844
Sale of Goods and Rendering of Services	3 757	0	3 757	-	-	3 757	5 521	1 763	5 639
Agency services	9 436	-	9 436	-	-	9 436	9 483	27	9 061
Interest other	-	-	-	-	-	-	-	-	(259)
Interest earned from Receivables	8 431	2 897	11 327	-	-	11 327	13 266	1 939	8 032
Interest earned from Current and Non Current Assets	10 688	2 137	12 823	-	-	12 823	14 384	1 561	11 227
Dividends	-	-	-	-	-	-	-	-	-
Rent on Land	1 567	(1 567)	-	-	-	-	-	-	-
Rental from Fixed Assets	6 489	-	6 489	-	-	6 489	7 478	989	8 178
Licence and permits	-	-	-	-	-	-	-	-	-
Operational Revenue	4 754	0	4 754	-	-	4 754	10 197	5 443	4 818
Non-Exchange Revenue	583 787	3 304	587 091	-	-	587 091	494 314	(92 777)	360 908
Property rates	175 223	-	175 223	-	-	175 223	180 018	4 795	173 037
Surcharges and Taxes	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	230 513	-	230 513	-	-	230 513	94 924	(135 589)	28 741
Licence and permits	4 056	(2 006)	2 050	-	-	2 050	3 123	1 073	2 619
Transfer and subsidies - Operational	171 058	4 547	175 605	-	-	175 605	171 643	(3 962)	153 754
Interest	1 539	762	2 301	-	-	2 301	2 785	484	1 782
Fuel Levy	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	1 399	0	1 399	-	-	1 399	118	(1 281)	56
Other Gains	-	(0)	(0)	-	-	(0)	41 703	41 703	519
Discontinued Operations	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	1 390 473	17 539	1 408 012	-	-	1 408 012	1 272 082	(135 930)	1 132 247
Expenditure									
Employee related costs	350 795	18 558	369 354	-	(2 845)	366 508	366 251	(257)	335 127
Remuneration of councillors	19 549	124	19 673	-	-	19 673	16 066	(606)	18 315
Bulk purchases - electricity	422 897	-	422 897	-	(22 786)	400 111	372 993	(27 118)	383 068
Inventory consumed	39 422	1 131	40 553	-	12 511	53 064	51 173	(1 890)	41 188
Debt impairment	198 239	-	198 239	-	-	198 239	116 518	(81 721)	80 796
Depreciation and amortisation	100 988	-	100 988	-	-	100 988	94 571	(5 416)	88 566
Interest Charges	38 001	-	38 001	-	-	38 001	19 437	(18 565)	20 974
Contracted services	104 978	8 070	113 048	-	7 107	120 155	112 150	(8 005)	96 851
Transfers and subsidies	6 872	3 127	9 999	-	116	10 114	3 419	(6 695)	3 767
Irrecoverable debts written off	17	-	17	-	-	17	-	(17)	-
Operational costs	70 227	12 101	82 328	-	1 956	84 284	78 857	(5 427)	50 713
Losses on Disposal of Assets	3 703	(0)	3 703	-	-	3 703	741	(2 962)	2 141
Other Losses	63	0	63	-	2 000	2 063	1 434	(629)	519
Total Expenditure	1 355 751	43 110	1 398 862	-	(1 942)	1 396 920	1 238 610	(160 309)	1 122 025
Surplus/(Deficit)	34 722	(25 571)	9 150	-	1 942	11 092	35 472	24 379	10 222
Transfers and subsidies - capital (monetary allocations)	70 138	11 335	81 473	-	-	81 473	67 525	(13 948)	55 756
Transfers and subsidies - capital (in-kind)	-	17 918	17 918	-	-	17 918	17 917	(1)	-
Surplus/(Deficit) after capital transfers & contributions	104 860	3 681	108 541	-	1 942	110 483	120 914	10 431	65 978
Income Tax	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	104 860	3 681	108 541	-	1 942	110 483	120 914	10 431	65 978
Share of Surplus/(Deficit) attributable to Joint Ventures	-	-	-	-	-	-	-	-	-
Share of Surplus/(Deficit) attributable to Minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	-	-	-	-	-	-	-	-	-
Share of Surplus/(Deficit) attributable to Associates	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	104 860	3 681	108 541	-	1 942	110 483	120 914	10 431	65 978
Reconciliation to statement of financial performance	-	-	-	-	-	-	-	-	-
Surplus/(deficit) per the statement of financial performance	104 860	3 681	108 541	-	1 942	110 483	120 914	10 431	65 978
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - capital	70 138	29 252	99 390	-	-	99 360	85 442	(13 949)	55 755
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	146 238	34 090	180 328	-	-	180 328	104 458	(75 870)	-
Internally generated funds	102 174	27 354	129 528	-	580	130 108	80 918	(49 189)	87 342
Total sources of capital funds	318 550	90 696	409 246	-	580	409 826	270 819	(139 007)	143 097
Financial position									
Total current assets	267 426	(56)	210 934	-	-	210 934	334 772	123 838	328 258
Total non current assets	2 682 117	116	2 797 935	-	-	2 797 935	2 703 269	(94 666)	2 506 251
Total current liabilities	154 220	-	154 220	-	-	154 220	198 949	44 729	203 114
Total non current liabilities	581 169	-	581 169	-	-	581 169	464 488	(116 681)	378 362
Community wealth/Equity	2 214 154	58	2 273 479	-	-	2 273 479	2 374 604	101 124	2 253 031
Cash flows									
Net cash from (used) operating	142 598	(16 781)	125 818	-	-	125 818	114 947	(10 871)	138 273
Net cash from (used) investing	(318 500)	(90 696)	(409 196)	-	-	(409 196)	(150 488)	(258 348)	(125 711)
Net cash from (used) financing	127 653	34 090	161 743	-	-	161 743	95 565	(66 178)	(12 620)
Cash/cash equivalents at the year end	101 765	(44 311)	57 454	-	-	57 454	148 753	91 299	89 089
Cash backing/surplus reconciliation									
Cash and investments available	101 765	(44 311)	57 454	-	-	57 454	103 777	46 323	89 089
Application of cash and investments	18 161	9 707	27 868	-	-	27 868	44 576	17 108	60 265
Balance - surplus (shortfall)	83 605	(54 018)	29 587	-	-	29 587	58 802	29 215	28 824
Asset management									
Asset register summary (WDV)	2 678 902	68 971	2 747 873	-	-	2 747 873	2 639 000	(49 873)	2 503 638
Depreciation	100 988	-	100 988	-	-	100 988	94 571	(5 416)	88 566
Renewal of Existing Assets	51 504	50 346	101 850	-	8 349	110 199	72 664	(37 534)	28 278
Repairs and Maintenance	57 715	7 085	64 801	-	13 017	77 817	76 832	(10 985)	60 900
Free services									
Cost of Free Basic Services provided	67 413	-	67 413	-	-	67 413	54 837	(12 776)	51 316
Revenue cost of free services provided	35 514	-	35 514	-	-	35 514	8 196	(27 319)	7 697
Households below minimum service level									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2023

Statement of Budget Comparison

Material Variance Explanations 30 June 2023

Description	Final Budget 30 June 2023	Revenue/ Opex/ Capex 30 June 2023	Variances greater than 10%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery
Operating Revenue					
Service charges - Electricity	536 541 700,00	474 632 367,41	-11,54	The effects of load shedding has resulted in a reduced demand for electricity either because clients leaving the grid or less electricity needs due to extended hours of outages.	
Sale of Goods and Rendering of Services	3 757 410,00	5 520 682,49	46,93	Services such as gate takings, valuation services, cementry and burial were more than anticipated.	
Interest earned from Receivables	11 327 400,00	13 266 410,12	17,12	The increase in interest rates as well as growth in Debtors resulted in more interest than anticipated.	
Interest earned from Current and Non Current Assets	12 823 440,00	14 384 007,34	12,17	More funds were available for investments throughout the year which resulted in more interest received on investments received,	
Rental from Fixed Assets	6 488 700,00	7 478 116,69	15,25	There were more rentals revenue from resorts and the transfer of flats from the provincial government.	
Operational Revenue	4 753 910,00	10 197 228,18	114,50	There were more administrative handling fees than anticipated.	
Fines, penalties and forfeits	230 513 100,00	94 924 008,19	-58,82	It was anticipated that with the appointment of a traffic speed monitoring service provider there would be more fines issued. The result was less than anticipated.	
Licence and permits	2 050 000,00	3 123 465,59	52,36	More licenses and permits were issued than anticipated.	
Interest	2 301 300,00	2 784 887,24	21,01	There was more cash available to invest during the year. There were also favourable interest rates.	
Gains on disposal of Assets	1 398 740,00	117 966,68	-91,57	Proceeds on sale of assets was less than anticipated.	
Other Gains	-40,00	41 702 972,18	100,00	Other gains like actuarial gains were more than anticipated,	
Transfers and subsidies - capital (monetary allocations)	81 472 879,00	67 525 256,46	-17,12	Not all capital grants was spent due to some capital grants that were received late in the financial year.	
Operating Expenditure					
Debt impairment	198 239 200,00	116 517 765,67	-41,22	Debt impairment for 2022/2023 are less than anticipated.	None
Interest Charges	38 001 400,00	19 436 796,31	-48,85	External loan was not fully taken up during the 2022/2023 financial year.	None
Transfers and subsidies	10 114 487,00	3 419 195,00	-66,20	Expenditure on Housing Projects are less than anticipated.	Negative
Irrecoverable debts written off	17 300,00		-100,00	Irrecoverable debts written off for 2022/2023 are less than anticipated.	None
Losses on Disposal of Assets	3 703 070,00	741 060,31	-79,99	Losses on Disposal of Assets for 2022/2023 are less than anticipated.	None
Other Losses	2 062 530,00	1 434 000,04	-30,47	Water losses for 2022/2023 are less than anticipated.	None
Capital Expenditure					
Engineering Services and Public Services					
Not Allocated to Wards					
Rawsonville WwTW					
Rawsonville WwTW: Extension of WwTW (0,24 Ml/day)	27 000 000	23 909 227,64	3 090 772,36	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Reservoirs					
Reservoirs: Pre-loads	55 000 000	30 863 271,82	24 136 728,18	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Upgrading of Sewer Network					
Upgrading of Sewer Network: External Loan	15 000 000	5 696 997,28	9 303 002,72	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Resealing of Municipal Roads - Worcester					
Resealing of Municipal Roads - Worcester: CRR	3 016 253	2 805 915,73	210 337,27	Saving	None
Traffic Circles					
Traffic Circles: (High and Louis Lange)	19 071 849	12 094 878,09	6 976 970,91	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Networks					
Pipe cracking (all wards)	6 218 833	2 481 203,90	3 737 629,10	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Electricity (8112)					
Refurbishment of electrical system	3 900 000	111 131,20	3 788 868,80	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Refurbishment of substations	7 000 000	6 076 954,05	923 045,95	Project implemented. Saving	None
Robertson Road Substation	5 000 000	677 172,28	4 322 827,72	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Alternative Electricity Supply Zwelothamba	11 800 000	117 381,28	11 682 618,72	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Roux Park capacity/equipment upgrade	3 200 000		3 200 000,00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Upgrading of High Mast Lights	1 400 000	1 281 116,00	118 884,00	Saving	None
Upgrading of Street Lights	2 600 000	2 471 083,50	128 916,50	Saving	None
Refurbishment of electrical system (NERSA)					
Altona new Electrical Substation	10 000 000	9 714 510,56	285 489,44	Saving	None

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Statement of Budget Comparison

Material Variance Explanations 30 June 2023					
Description	Final Budget 30 June 2023	Revenue/ Opex/ Capex 30 June 2023	Variances greater than 10%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery
Project Management					
Worcester Town Hall - Airconditioner	5 055 431	3 086 127,55	1 969 303,45	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
SOLID WASTE MANAGEMENT					
WORCESTER					
Wheeliebins	1 000 000	553 823,44	446 176,56	Phase of project completed. Saving	None
Solid Waste - Radios	222 000	168 060,69	53 939,31	Saving	None
Waste Water Treatment Works					
Pump station upgrading and refurbishment	2 000 000	513 000,00	1 487 000,00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Parks and Cemeteries					
Parks - Machinery and Equipment	580 000	342 894,39	237 105,61	Saving	None
Fencing of Cemeteries - Aan De Doorns	200 000		200 000,00	Project to be considered for implementation during the 2023/24 Adjustments Budget	None. Project relate to the house of the official at the cemetery
Water and Sewerage					
Upgrading of Offices (Fairbairn Street)	1 610 000	300 029,41	1 309 970,59	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None.
Upgrading of Rawsonville sewer line	19 000 000	14 586 743,45	4 413 256,55	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Upgrading of various sewer pumpstations	12 000 000	5 021 097,33	6 978 902,67	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Construction of Kwinana Street Bypass sewer	9 500 000	3 601 437,62	5 898 562,38	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Ward Priorities					
Fencing of Substations	510 000	381 661,40	128 338,60	Saving	None
High Mast lights	1 410 776	331 366,71	1 079 409,29	Funding was transferred to this project to finance High Mast Lights at Transhex. Project to be considered for implementation in the 2023/24 financial year.	Visibility in the area is affected at night.
Ward 1					
Augmentation of Water treatment works (MIG Counter funding)	2 357 000	2 123 308,86	233 691,14	Project in final stage of implementation. Severe weather conditions restricted access to the site. The supplier experienced a shortage in the supply of solar panels due to a higher than anticipated demand for solar panels in the market. Subject to rollover process.	None. Project in final stage of implementation. Generators are currently used to power the plant
Ward 2					
De Doorns WWTW Reactor	2 750 000	2 152 182,90	597 817,10	Project completed. Savings	None
Ward 4					
Upgrading of Open space - Kleigat	100 000		100 000,00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Ward 6					
Fencing of Substation (corner of Van der Merwe- and Lyons Street)	50 000		50 000,00	Saving	None
Erosion Protection of Hex River (Zweletemba)					
Erosion Protection of Hex River : Phase 2 (300m @ R13,333.33/m)	18 711 250		18 711 250,00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of current implementation phase.
Erosion Protection of Hex River : Phase 2 (300m @ R13,333.33/m)	34 528 750	30 051 086,74	4 477 663,26	VAT on project. Total MIG claimed. Transferred to Operating Income	None
Erosion Protection of Hex River : Phase 2 (300m @ R13,333.33/m)	10 310 000	1 930 406,45	8 379 593,55	Funding transferred late during the 2022/23 financial year. Application for rollover to the 2023/24 financial year to be submitted by 31 August 2023.	None. Project in final stage of current implementation phase.
Ward 7					
Drop off zone (Worcester-East School)	100 000		100 000,00	It was established that a Drop-off zone will not address the problem. Solution will be determined and be considered in the 2023/24 financial year	None
Fencing of Cemeteries - De Wet Str.	100 000		100 000,00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Ward 10					
Playparks - Ward 10	60 000		60 000,00	SCM process followed. Tendered amounts greater than budget.	Basic services not affected. Delay in implementation and use of facility.
Ward 13					
Drop-off zone - Ward 13	100 000		100 000,00	Project to be considered for implementation during the 2023/24 Adjustments Budget	Delay in implementation and availability for use
Ward 15					
Drop off zone (Worcester Primary School)	100 000	37 801,14	62 198,86	Drop-off zone on school property. Only costs incurred was for the lowering of curbs. saving	None.
Ward 17					
High Mast Light -Ward 17	650 000	318 806,68	331 193,32	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation

Statement of Budget Comparison

Material Variance Explanations 30 June 2023					
Description	Final Budget 30 June 2023	Revenue/ Opex/ Capex 30 June 2023	Variances greater than 10%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery
Ward 20					
Fencing of Rawsonville Graveyard	75 000		75 000,00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Land Infill Developments					
Avian Park Industrial - Water	146 043		146 043,00	Implementation based on progress of infill development	None
Avian Park Industrial - Stormwater	94 928		94 928,00	Implementation based on progress of infill development	None
Somerset Park - Water	146 043		146 043,00	Implementation based on progress of infill development	None
Somerset Park - Sewer	438 005		438 005,00	Implementation based on progress of infill development	None
Somerset Park - Stormwater	94 928		94 928,00	Implementation based on progress of infill development	None
Somerset Park - Electricity	439 831	289 433,43	150 397,57	Implementation based on progress of infill development	None
SERVICE CONNECTIONS (Depending on Public Contr)					
Sewer Connections	1 120 000		1 120 000,00	Budgeted on a needs basis. No needs for full budget. Savings	None
Electricity Connections	1 400 000	998 610,66	401 389,34	Budgeted on a needs basis. No needs for full budget. Savings	None
Water Connections	2 929 440	191 520,00	2 737 920,00	Budgeted on a needs basis. No needs for full budget. Savings	None
Community Services					
SPORT: Esselen Park					
SPORT: Esselen Park: Replacement of fence perimeter	824 651	472 344,90	352 306,10	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Current perimeter structure in place
WATERLOO LIBRARY - 4506					
Waterloo Library - Upgrade ramp	93 114		93 114,00	Savings	None
TRAFFIC					
Buildings					
Traffic - Machinery and Equipment	228 746	172 360,10	56 385,90	Savings	None
FIRE DEPARTMENT: ADMIN - 4203					
Fire Services - Furniture and Office Equipment	259 404	191 950,36	67 443,64	Orders issued but wrong furniture delivered. Items sent back to the supplier	None
Fire Services - De Doorns Communication Equipment	291 830	216 667,34	75 162,66	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None. Project in final stage of implementation
Fire Services - Machinery and Equipment	345 848	272 774,20	73 073,80	Savings	None
FINANCIAL SERVICES					
Financial Planning					
FS FP - Safeguarding of Assets	400 000	326 512,83	73 487,17	Budgeted on a needs basis. No needs for full budget. Savings	None
FS FP - Insurance claims : Other Assets	500 000	196 575,17	303 424,83	Budgeted on possible claims. No needs for full budget. Savings	None
FS FP - Insurance claims : Mach & Equipment	500 000		500 000,00	Budgeted on possible claims. No needs for full budget. Savings	None
Revenue					
Revenue - Upgrading of Municipal Building	200 000	37 834,99	162 165,01	Initial planning was for upgrade and renewal but majority of the cost related to repair and maintenance. Costs also less than anticipated.	None
Revenue - Airconditioners	200 000	49 277,51	150 722,49	Project cost less than anticipated. Savings	None
Revenue - Machinery and Equipment	250 000	125 883,08	124 116,92	Savings	None
Revenue - Furniture and Office Equipment	455 300	355 757,60	99 542,40	Savings. Costs less than anticipated	None
Supply Chain Management					
SCM - Installation of records room shelving	420 000	12 050,00	407 950,00	The successful bidder experienced challenges / delays in sourcing materials.	None
STRATEGIC SUPPORT SERVICES					
Local Economic Development					
Zwelethamba Economic Facility	800 000	540 678,95	259 321,05	Savings	None
INFORMATION TECHNOLOGY - 2114					
ICT - Computer Equipment	14 340 143	13 758 267,05	581 875,95	Phase of project completed. Savings	None
Call Center & Telephone (PBX) System	1 135 435	1 085 434,79	50 000,21	Savings	None
Biometric system	99 387		99 387,00	As when required basis. Based on various needs	None
ICT - Airconditioner (DR Site)	50 000		50 000,00	Delays experienced, electrical wiring in the building not safe.	None

Statement of Budget Comparison

Material Variance Explanations 30 June 2023					
Description	Final Budget 30 June 2023	Revenue/ Opex/ Capex 30 June 2023	Variances greater than 10%/ R50 000 [over/(under)]	Reasons for Material Deviations	Impact on Service Delivery
Veriments to Final Adjustment Budget (Reconciliation of Budget Summary)					
Operating Revenue					
Transfer and subsidies - Operational	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 24 April 2023: 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 2022/2023.				
Gains on disposal of Assets					
Operating Expenditure					
Employee related costs	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 24 April 2023: 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 2022/2023.				
Bulk purchases - electricity					
Inventory consumed					
Contracted services					
Transfers and subsidies					
Operational costs					
Other Losses					
Capital Expenditure					
Total Capital Expenditure	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 24 April 2023: 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 2022/2023.				
Cash Flow					
Cash/ Cash Equivalents at the year end.	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 24 April 2023: 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 2022/2023.				

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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 2023

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 2023

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 year-end.

Effective Interest Rate

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

Allowance for impairment

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

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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 2023

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

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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

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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

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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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Accounting Policies

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.

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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.

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

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Accounting Policies

1.15 Provisions and Contingencies (continued)

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

1.16 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

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

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

- the amount determined above; and

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Accounting Policies

1.16 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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Accounting Policies

1.16 Employee benefits (continued)

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

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

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

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

Other long-term employee benefits

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

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

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

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

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

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

Termination benefits

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

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

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

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

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

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

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

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Accounting Policies

1.17 Statutory receivables

Identification

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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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.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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.

BREEDE VALLEY MUNICIPALITY

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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.

BREEDE VALLEY MUNICIPALITY

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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 2022 to 30 June 2023.

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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 were 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 does not have any material living resources 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.

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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	Unknown
GRAP 104	Financial Instruments	1 April 2025
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	1 April 2023
Guideline	Application of Materiality of Financial Statements	Unknown

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	13 105	13 109
Bank balances	148 740 078	89 076 226
	148 753 183	89 089 335

For the purpose of the Cash Flow Statement, Cash and cash equivalents includes Cash on hand and cash in banks. Refer to note 61 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)	148 947 883	89 076 226
Nedbank (P-1)	-	40 813 582
Standard Bank (P-1)	-	30 662 781
ABSA (P-1)	5 116 438	15 248 353
FNB (P-1)	5 116 096	5 069 535
	159 180 417	180 870 477

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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
4. Receivables from exchange transactions		
Gross balances		
Electricity	69 213 515	64 619 752
Housing rental	14 606 974	12 166 935
Housing Selling Schemes	257 532	252 680
Refuse	33 820 824	30 454 974
Sewerage	54 947 311	49 511 806
Sundries	15 751 886	18 339 094
Water	63 468 344	56 647 429
	252 066 386	231 992 670
Less: Allowance for impairment		
Electricity	(7 838 978)	(4 527 594)
Housing Selling schemes	(182 222)	(141 203)
Housing rental	(12 765 559)	(10 768 699)
Refuse	(27 332 080)	(24 651 133)
Sewerage	(44 050 344)	(39 466 727)
Sundries	(11 590 459)	(13 774 370)
Water	(46 810 184)	(40 578 437)
	(150 569 826)	(133 908 163)
Net balance		
Electricity	61 374 537	60 092 158
Housing rental	1 841 415	1 398 236
Housing selling schemes	75 310	111 477
Refuse	6 488 744	5 803 841
Sewerage	10 896 967	10 045 079
Sundries	4 161 427	4 564 724
Water	16 658 160	16 068 992
	101 496 560	98 084 507
Electricity		
Current (0 -30 days)	64 199 077	58 061 770
31 - 60 days	286 376	1 224 607
61 - 90 days	225 340	542 753
91 - 120 days	202 930	378 276
121 - 365 days	4 299 793	4 412 345
Less: Provison for impairment	(7 838 978)	(4 527 593)
	61 374 538	60 092 158
Water		
Current (0 -30 days)	16 487 756	16 514 170
31 - 60 days	2 028 677	2 209 295
61 - 90 days	2 169 740	2 126 398
91 - 120 days	2 477 810	1 824 202
121 - 365 days	40 304 361	33 973 364
Less: Provison for impairment	(46 810 184)	(40 578 437)
	16 658 160	16 068 992
Sewerage		
Current (0 -30 days)	8 241 702	5 796 528
31 - 60 days	1 452 750	1 583 801
61 - 90 days	1 277 205	1 403 667
91 - 120 days	1 274 191	1 312 727
121 - 365 days	42 701 464	39 415 084

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
4. Receivables from exchange transactions (continued)		
Less: Provision for impairment	(44 050 345)	(39 466 728)
	10 896 967	10 045 079
Refuse		
Current (0 -30 days)	4 815 831	3 335 550
31 - 60 days	865 751	928 010
61 - 90 days	775 280	829 628
91 - 120 days	757 674	799 804
121 - 365 days	26 606 288	24 561 982
Less: Provision for impairment	(27 332 080)	(24 651 133)
	6 488 744	5 803 841
Housing Selling Schemes		
Current (0 -30 days)	3 267	5 569
31 - 60 days	8 754	1 802
61 - 90 days	551	1 282
91 - 120 days	518	1 263
121 - 365 days	244 442	242 764
Less: Provision for impairment	(182 222)	(141 203)
	75 310	111 477
Housing rental		
Current (0 -30 days)	936 899	326 786
31 - 60 days	278 547	224 703
61 - 90 days	202 813	221 533
91 - 120 days	228 848	205 305
121 - 365 days	12 959 868	11 188 608
Less: Provision for impairment	(12 765 560)	(10 768 699)
	1 841 415	1 398 236
Sundries		
Current (0 -30 days)	2 520 612	2 469 461
31 - 60 days	469 860	2 035 286
61 - 90 days	252 282	237 493
91 - 120 days	500 204	176 301
121 - 365 days	12 008 928	13 420 552
Less: Provision for impairment	(11 590 459)	(13 774 369)
	4 161 427	4 564 724

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	79 658 075	71 193 536
31 - 60 days	4 417 605	6 754 391
61 - 90 days	4 018 104	4 413 296
91 - 120 days	4 459 777	3 866 134
121 - 365 days	114 010 790	104 691 732
	206 564 351	190 919 089
Industrial/ commercial		
Current (0 -30 days)	229 459	27 126 355
31 - 60 days	2 399 832	1 072 083
61 - 90 days	2 968 378	403 520
91 - 120 days	2 141 699	510 495
121 - 365 days	33 327 698	8 678 412
	41 067 066	37 790 865
National and provincial government		
Current (0 -30 days)	24 780	2 356 340
31 - 60 days	259 166	93 127
61 - 90 days	320 565	35 052
91 - 120 days	231 289	44 344
121 - 365 days	3 599 173	753 853
	4 434 973	3 282 716
Total		
Current (0 -30 days)	97 205 145	86 509 833
31 - 60 days	5 390 714	8 207 504
61 - 90 days	4 903 211	5 362 755
91 - 120 days	5 442 176	4 697 879
121 - 365 days	139 125 136	127 214 699
	252 066 382	231 992 670
Less: Allowance for impairment	(150 569 822)	(133 908 163)
	101 496 560	98 084 507
Less: Allowance for impairment		
31 - 60 days	(5 241 332)	(7 554 511)
61 - 90 days	(4 767 338)	(4 936 092)
91 - 120 days	(5 291 368)	(4 324 114)
121 - 365 days	(135 269 784)	(117 093 446)
	(150 569 822)	(133 908 163)
Total debtor past due but not impaired		
31 - 60 days	149 382	652 992
61 - 90 days	135 873	426 663
91 - 120 days	150 808	373 765
121 - 365 days	3 855 287	10 121 253
	4 291 350	11 574 673

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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4. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As at 30 June 2023, receivables from exchange transactions with an amount of R 150 569 822 (2022: R 133 908 162) impaired and provided for.

Reconciliation of allowance for impairment

Balance at beginning of the year	(133 908 163)	(113 142 345)
Contributions to allowance	(42 905 753)	(50 314 278)
Debt impairment written off against allowance	26 244 094	29 548 461
	(150 569 822)	(133 908 162)

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 2023 receivables from exchange transactions of R 4 291 350 (2022: R11 574 673) 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 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Statutory Receivables		
Gross balances		
Rates	45 438 498	38 765 597
Traffic fines	108 044 905	30 192 450
Vat receivable	6 788 630	5 238 029
	160 272 033	74 196 076
Less: Allowance for impairment		
Rates	(26 958 790)	(23 536 355)
Traffic fines	(92 628 748)	(25 586 222)
	(119 587 538)	(49 122 577)
Net balance		
Rates	18 479 708	15 229 242
Traffic fines	15 416 157	4 606 228
Vat receivable	6 788 630	5 238 029
	40 684 495	25 073 499
Rates		
Current (0 -30 days)	11 913 278	9 811 838
31 - 60 days	925 881	1 864 707
61 - 90 days	899 557	901 727
91 - 120 days	732 142	792 392
121 - 365 days	30 967 640	25 394 933
Less: Provision for impairment	(26 958 790)	(23 536 355)
	18 479 708	15 229 242
Summary of rates receivables by customer classification: Rates		
Consumers		
Current (0 -30 days)	9 286 702	7 996 342
31 - 60 days	721 748	1 519 678
61 - 90 days	701 228	734 879
91 - 120 days	570 723	645 774
121 - 365 days	24 140 061	20 696 082
	35 420 462	31 592 755
Industrial/ commercial		
Current (0 -30 days)	2 493 125	1 582 810
31 - 60 days	93 213	300 808
61 - 90 days	127 683	145 463
91 - 120 days	90 921	127 826
121 - 365 days	4 237 002	4 096 619
	7 041 944	6 253 526
National and provincial government		
Current (0 -30 days)	133 451	84 201
31 - 60 days	110 920	42 241
61 - 90 days	70 647	27 936
91 - 120 days	70 498	25 619
121 - 365 days	2 590 577	739 319
	2 976 093	919 316

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Statutory Receivables (continued)		
Total		
Current (0 -30 days)	11 913 278	9 811 837
31 - 60 days	925 881	1 864 707
61 - 90 days	899 557	901 727
91 - 120 days	732 142	792 392
121 - 365 days	30 967 640	25 394 934
	<u>45 438 498</u>	<u>38 765 597</u>
Less: Allowance for impairment	(26 958 790)	(23 536 355)
	18 479 708	15 229 242
Less: Allowance for impairment		
Current (0 -30 days)	-	-
31 - 60 days	(744 533)	(1 515 811)
61 - 90 days	(723 365)	(733 009)
91 - 120 days	(588 741)	(644 131)
121 - 365 days	(24 902 151)	(20 643 404)
	<u>(26 958 790)</u>	<u>(23 536 355)</u>
Total debtor past due but not impaired		
31 - 60 days	181 348	348 897
61 - 90 days	176 192	168 718
91 - 120 days	143 401	148 261
121 - 365 days	6 065 489	4 751 529
	<u>6 566 430</u>	<u>5 417 405</u>
Reconciliation of Traffic Fines		
Balance at beginning of the year	6 107 152	6 821 190
Issued Fines	94 752 615	28 121 550
Withdrawals/Write Offs	(6 483 080)	(26 571 340)
Payment of Fines	(10 417 080)	(3 014 710)
Payment of old fines	(68 543 450)	750 462
	<u>15 416 157</u>	<u>6 107 152</u>
Statutory receivables impaired		
As of 30 June 2023, statutory receivables were impaired by R 119 587 538 (2022: R49 122 577) and provided for.		
Reconciliation of allowance for impairment: Rates		
Balance at beginning of the year	23 536 356	21 410 239
Contribution to allowance	4 972 781	4 074 806
Debt impairment written off against allowance	(1 550 346)	(1 948 689)
	<u>26 958 791</u>	<u>23 536 356</u>
Reconciliation of allowance for impairment: Traffic Fines		
Balance at beginning of the year	25 586 222	24 835 760
Contribution to allowance	73 525 606	27 321 802
Debt impairment written off against allowance	(6 483 080)	(26 571 340)
	<u>92 628 748</u>	<u>25 586 222</u>

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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 93.81% (2022:92.86%).

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	5,17%	3,24%
Section 56 Notice	25,64%	21,05%
Traffic Management Technologies	12,67%	100%
Provincial Authority	10,13%	9,19%

6. Other receivables from non exchange transactions

Gross balance

Availability Charges	17 695 575	14 640 252
Traffic revenue receivable	24 670	24 670
	17 720 245	14 664 922

Less: Allowance for impairment

Availability charges	(15 393 450)	(12 770 334)
Traffic revenue receivable	-	-
	(15 393 450)	(12 770 334)

Net balance

Availability Charges	2 302 125	1 869 918
Traffic revenue receivable	24 670	24 670
	2 326 795	1 894 588

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6. Other receivables from non exchange transactions (continued)		
Availability charges		
Current (0 -30 days)	991 746	632 538
31 - 60 days	352 245	368 587
61 - 90 days	341 936	346 152
91 - 120 days	342 093	335 718
121 - 365 days	15 667 554	12 957 258
Less: Allowance for impairment	(15 393 450)	(12 770 334)
	2 302 124	1 869 919
Summary of receivables by customer classification		
Consumers		
Current (0 -30 days)	991 746	632 538
31 - 60 days	352 245	368 587
61 - 90 days	341 936	346 152
91 - 120 days	342 093	335 718
121 - 365 days	15 667 554	12 957 258
	17 695 574	14 640 253
Total		
Current (0 -30 days)	991 746	632 538
31 - 60 days	352 245	368 587
61 - 90 days	341 936	346 152
91 - 120 days	342 093	335 718
121 - 365 days	15 667 554	12 957 258
	17 695 575	14 640 252
Less: Allowance for impairment	(15 393 450)	(12 770 334)
	2 302 125	1 869 919
Less: Allowance for impairment : Availability Charges		
Current (0 -30 days)	-	-
31 - 60 days	(324 612)	(336 028)
61 - 90 days	(315 112)	(315 574)
91 - 120 days	(315 257)	(306 062)
121 - 365 days	(14 438 469)	(11 812 670)
	(15 393 450)	(12 770 334)
Total receivables past due but not impaired: Availability Charges		
31 - 60 days	27 633	32 559
61 - 90 days	26 824	30 578
91 - 120 days	26 836	29 656
121 - 365 days	1 229 085	1 144 587
	1 310 378	1 237 380
Other receivables from non-exchange transactions impaired		
As of 30 June 2023, other receivables from non-exchange transactions of R15 393 450 (2022: R12 770 334) were impaired and provided for.		
Reconciliation of allowance for impairment: Availability Charges		
Balance at beginning of the year	(12 770 333)	(9 966 152)
Contributions to allowance	(2 740 418)	(2 853 612)

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6. Other receivables from non exchange transactions (continued)		
Debt impairment written off against allowance	117 301	49 431
	(15 393 450)	(12 770 333)

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.

7. Other receivables from exchange transactions

Loans granted	12 355	4 767
Other receivables	2 541 780	584 730
PAYE	1 145 403	1 145 403
Prepaid expenses	5 466 830	5 220 526
Recoverable expenses	516 441	476 705
Auxiliaries	48 590	93 255
Interest receivable	970 030	516 345
Less: Allowance for impairment	(32 609)	(51 759)
	10 668 820	7 989 972

The credit quality of other 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	(51 759)	(3 848)
(Increase)/ decrease in provision for the year	19 150	(47 911)
	(32 609)	(51 759)

8. Inventories

Consumable stores	15 122 557	11 080 679
Water stock	482 619	740 704
	15 605 176	11 821 383
Inventory Consumed	50 877 550	41 234 443

The amount disclosed for inventory consumed are inclusive of inventory expensed from the stores during the year and other materials and supplies.

Inventory pledged as security

None of the above Inventory has been pledged as security.

9. Operating lease asset (accrual)

Lease asset	341 391	361 087
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Operating leases - as lessor (income)

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9. Operating lease asset (accrual) (continued)

Certain of the municipality's properties are held to generate rental income. The escalation clauses for the lease income varies between 6% 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 an increase in income of R19 686 (2022: Increase of R57 940).

Minimum lease payments Receivable

-within one year	70 280	75 173
-in second to fifth year inclusive	122 398	145 705
	192 678	220 878

10. Short term investments

Other fixed deposits	10 232 534	91 794 251
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Current assets

Short term portion of investment	10 232 534	91 794 251
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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 5.40 % and 8.50% per annum.

11. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	96 156 600	-	96 156 600	63 286 633	-	63 286 633

Reconciliation of investment property - 2023

	Opening balance	Additions	Disposals	Transfers received	Fair value adjustments	Total
Investment property	63 286 633	17 350 000	(2 607 033)	2 314 326	15 812 674	96 156 600

Reconciliation of investment property - 2022

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	63 525 500	(1 733 367)	1 494 500	63 286 633

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 Friday, 30 June 2023. 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	751 098	542 038
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Maintenance of investment property

In the current year the expenditure on investment property was incurred in one department which managed all repairs and maintenance of the municipality's structures and therefore an accurate split of operating expenditure incurred relating to investment properties could not be made.

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12. Property, Plant and Equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Buildings	344 092 180	(203 485 177)	140 607 003	341 043 101	(196 619 071)	144 424 030
Infrastructure	3 402 203 151	(1 316 009 610)	2 086 193 541	3 184 856 182	(1 249 201 338)	1 935 654 844
Land	228 698 883	-	228 698 883	229 870 137	-	229 870 137
Other property, plant and equipment	184 898 872	(79 123 058)	105 775 814	157 139 965	(67 382 119)	89 757 846
Total	4 159 893 086	(1 598 617 845)	2 561 275 241	3 912 909 385	(1 513 202 528)	2 399 706 857

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Buildings	144 424 030	2 878 608	-	170 471	-	(6 866 106)	140 607 003
Infrastructure	1 935 654 843	222 653 314	-	2 423 246	-	(74 537 862)	2 086 193 541
Land	229 870 138	1 143 072	-	(2 314 326)	-	-	228 698 884
Other property, plant and equipment	89 757 846	26 793 623	(101 060)	(170 471)	2 586 756	(13 090 880)	105 775 814
Total	2 399 706 857	253 468 617	(101 060)	108 920	2 586 756	(94 494 848)	2 561 275 242

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	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
Total	2 346 525 605	143 097 329	(1 564 425)	(1 416 498)	1 554 723	(88 489 877)	2 399 706 857

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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 are as follows:

Buildings	2 436 507	464 544
Infrastructure	502 151 185	371 585 616
Other Assets	3 817 772	76 800
	508 405 464	372 126 960

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:

Repair and Maintenance per allocation to asset type

Infrastructure	52 803 024	36 946 998
General Vehicles	11 052 657	8 439 141
Plant and Equipment	7 092 753	6 477 014
Furniture and other Office Equipment	548 621	2 110 616
Other Building	8 370 380	6 925 908
	79 867 435	60 899 677

Repair and Maintenance per nature of expense

Contracted Services	59 446 440	44 109 460
Employee Cost	3 035 445	2 599 969
Inventory Consumed	17 385 550	14 190 248
	79 867 435	60 899 677

Change in Accounting Estimate

The effect of the change in accounting estimate is 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.

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13. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 088 817	(785 130)	303 687	1 088 817	(751 467)	337 350
Right of use of water	4 275 264	(641 633)	3 633 631	4 275 264	(598 882)	3 676 382
Total	5 364 081	(1 426 763)	3 937 318	5 364 081	(1 350 349)	4 013 732

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	337 352	(33 665)	303 687
Right of use of water	3 676 381	(42 750)	3 633 631
	4 013 733	(76 415)	3 937 318

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

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

	2023			2022		
	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 2023

	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 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

Other information

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

No expenditure was incurred to repair and maintain heritage assets.

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

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

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15. Long term receivables		
Housing selling schemes loans		
Housing selling schemes	76 095	83 203
Less: Provision for impairment	(62 398)	(49 037)
	13 697	34 166
Housing loans - personnel		
Housing personnel	44 206	58 971
Arrangements		
Arrangements	13 540 396	11 563 849
Less: Provision for impairment	(3 666 555)	(6 896 540)
	9 873 841	4 667 309
Less: Current portion transferred to current receivables		
Housing selling schemes	(6 254)	(4 700)
Housing personnel	(9 265)	(6 258)
Arrangements	(6 380 082)	(5 300 555)
	(6 395 601)	(5 311 513)
Less: Current Portion of allowance for impairment transferred to current receivables		
Housing selling schemes	(5 128)	(2 770)
Arrangements	(1 727 639)	(3 161 187)
	(1 732 767)	(3 163 957)
Non-current assets		
Long term receivables- non current portion	5 268 910	2 612 889
Long term receivables - current portion	4 662 834	2 147 556
	9 931 744	4 760 445

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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.

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.

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 2023 long term receivables of R1 996 185 (2022: R3 781 620) 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	2 245 388	4 797 655
Payments received in advance	12 066 921	8 366 510
Retentions	14 289 406	8 817 605
Sundry deposits	850 227	840 999
Trade payables	70 681 010	100 345 098
	100 459 951	123 494 866

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17. Consumer deposits		
Electricity	2 242 859	2 189 515
Water	2 445 111	2 397 658
	4 687 970	4 587 173
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 existing 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	16 423 060	4 227 344
Movement during the year		
Balance at the beginning of the year	4 227 344	4 195 613
Total Government receipts	106 181 102	79 287 429
Conditions met- capital grants	(67 525 256)	(55 755 517)
Conditions met- operating grants	(23 821 141)	(21 424 423)
Repayments during the year	(2 638 989)	-
Included in other receivables	-	(3 085 540)
Income recognition during the year	-	1 009 782
	16 423 060	4 227 344
<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. Also refer to Appendix D for further detail regarding unspent conditional grants.</p>		
19. Long term liabilities		
At amortised cost		
Annuity loans	279 243 053	184 183 358
Reconciliation of long term liabilities		
Opening balance	184 183 358	197 586 526
Additional loans taken	110 000 000	-
Loans redeemed	(14 535 651)	(13 040 715)
Interest accrued	4 639 851	5 044 505
Interest accrued prior year	(5 044 505)	(5 406 958)
	279 243 053	184 183 358
Non-current liabilities		
At amortised cost	252 462 043	164 603 202
Current liabilities		
At amortised cost	26 781 010	19 580 156

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20. Employee benefit obligation

Reconciliation of employee benefits - 2023	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	148 572 000	(2 971 701)	(6 817 299)	138 783 000
Long service awards	18 909 000	2 666 414	(2 321 414)	19 254 000
Performance bonus	1 037 177	1 099 875	(1 052 735)	1 084 317
Staff leave accrual	31 225 864	480 731	(2 390 184)	29 316 411
13th cheque accrual	6 930 915	82 615	-	7 013 530
	206 674 956	1 357 934	(12 581 632)	195 451 258
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
Non-current employee benefits				
Provision for Post-retirement medical aid benefits			131 697 000	141 663 000
Long service awards			16 318 000	16 872 000
			148 015 000	158 535 000
Current employee benefits				
Provision for Post-retirement medical aid benefits			7 086 000	6 909 000
Long service awards			2 936 000	2 037 000
Performance bonus			1 084 318	1 037 177
Staff leave accrual			29 316 412	31 225 865
13th cheque accrual			7 013 531	6 930 917
			47 436 261	48 139 959
Post-Retirement medical aid benefit: Movements				
Opening balance			148 572 000	162 505 000
Benefits paid			(6 817 299)	(6 696 370)
Net expense recognised			(2 971 701)	(7 236 630)
			138 783 000	148 572 000
Post-Retirement medical aid benefit: Net expense recognised				
Current service cost.			4 763 000	5 613 000
Interest cost			17 135 000	20 136 000
Actuarial Gains			(24 869 701)	(32 985 630)
			(2 971 701)	(7 236 630)
Long service awards: Movements				
Opening balance			18 909 000	21 518 000
Benefits paid			(2 321 414)	(1 579 269)
Net expense recognised			2 666 414	(1 029 731)
			19 254 000	18 909 000

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20. Employee benefit obligation (continued)

Long service awards: Net expense recognised

Current service cost	1 514 000	1 520 000
Interest cost	1 993 000	2 273 000
Actuarial Gains	(840 586)	(4 822 731)
	2 666 414	(1 029 731)

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 2023: 75% (2022: 69%) of the employees belonged to the above plan. The plan is defined as a post-retirement medical benefit plan.

Long service awards

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

In 2023: 14.25% (2022:12.20%) 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 2023:

Post Retirement Medical Aid Benefit: Discount rate	12,42 %	11,80 %
Post Retirement Medical Aid Benefit: Healthcare cost inflation	8,03 %	8,42 %
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 2023 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	5 916 000	3 873 000
Effect on defined interest cost	19 719 000	15 023 000
Effect on defined benefit obligation	157 847 000	123 033 000
	2023	2022
Experience adjustments on plan liabilities	138 783 000	148 572 000
Experience adjustments on plan assets	-	-
	138 783 000	148 572 000

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	1 640 000	1 401 000
Effect on defined interest cost	2 122 000	1 876 000
Effect on defined benefit obligation	20 361 000	18 248 000
	2023	2 022
Experience adjustments on plan liabilities	19 245 000	18 909 000
Experience adjustments on plan assets	-	-
	19 245 000	18 909 000

Defined contribution plan

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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20. Employee benefit obligation (continued)

It is the policy of the municipality to provide retirement benefits to all 842 (2022: 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 2021.

The last valuation of the SALA Pension Fund was done on 1 July 2021.

The last valuation of the Consolidated Retirement Fund for Local Government (previously Cape Joint Retirement Fund) was performed on 30 June 2022.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2022.

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 36 826 207 (2022: R 34 943 794).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R1 168 080 (2022: R1 124 750).

Contributions to medical aid funds

Contributions to medical aid funds for employees	22 048 089	20 882 328
Contributions to medical aid funds for councillors	227 606	236 605
Contributions to medical aid funds for pensioners	6 819 243	6 696 370
	29 094 938	27 815 303

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 2022 revealed that the funding level of the share account was 100.4 % and the pension account was 131.6%. At the valuation date the municipality had 823 members (Fund: 52 507 members) and nil pensioners (Fund: 483 pensioners) belonging to the fund.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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21. Provisions: Landfill Site

Reconciliation of provisions - 2023

	Opening Balance	Change in provision	Utilised during the year	Reversed during the year	Total
Provision for the rehabilitation of landfill site	55 224 177	2 586 756	-	6 200 476	64 011 409
Closure site	3 084 771	-	75 594	-	3 160 365
	58 308 948	2 586 756	75 594	6 200 476	67 171 774

Reconciliation of provisions - 2022

	Opening Balance	Change in provision	Utilised during the year	Reversed during the year	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

Non-current liabilities	64 011 409	55 224 177
Current liabilities	3 160 365	3 084 771
	67 171 774	58 308 948

The provision for landfill site for De Doorns was done for a 16 year period and the Worcester site for a period of 14 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 R6 200 476 (2022: R 5 966 756) was included in the rehabilitation figure in the statement of financial performance as well as the Touwsriver closure cost as a contribution to the provision of R75 594 (2022: provision of R 140 611).

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
22. Service charges		
Electricity	472 095 946	491 843 609
Water	104 272 763	101 432 999
Sewerage and sanitation	88 069 363	82 141 193
Refuse removal	45 928 265	42 858 737
	710 366 337	718 276 538

The above service charges are net of free basic services and rebates for the different services. The total rebates provided to consumers amounts to R 62 832 475 (2022:R59 013 954).

23. Sales of Goods and Rendering of Services

Advertisement	116 877	106 253
Building Plan Approval	1 408 382	1 577 316
Camping Fees	322 890	209 550
Cemetery and Burial	1 496 356	1 568 326
Clearance Certificate	246 026	232 321
Entrance Fees	1 344 337	1 175 753
Fire Services	247 141	339 714
Photocopies and Faxes	62 841	40 047
Prints	32 437	18 623
Tender Documents	9 800	7 000
Sub-division and Consolidation Fees	113 015	242 825
Recycling of Waste	11 430	10 806
Valuation Services	109 010	110 364
	5 520 542	5 638 898

24. Agency services

Vehicle Registration	9 463 077	9 061 357
Insurance	227 201	388 321
	9 690 278	9 449 678

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 amounts receivable for the vehicle registration.

Reconciliation of the carrying amount of the receivable:

Opening balance	-	-
Revenue received	55 328 920	53 466 211
Payments made to the department	(55 328 920)	(53 466 211)
	-	-

25. Rental income

Premises		
Housing Rentals	4 989 637	4 078 759
Other rental revenue	2 488 480	2 604 843
	7 478 117	6 683 602

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Operational revenue		
Incidental Cash surpluses	2 252	1 819
Breakages and losses recovered	6 611	8 483
Administrative handling fees	6 382 262	3 782 237
Insurance refund	1 825 139	498 435
Merchandising jobbing and contracts	2 908	32 521
Municipal information and statistics	6 407	7 319
Development Charges	1 669 270	822 023
Staff Recoveries	75 148	90 330
Request for information	30	9 019
	9 970 027	5 252 186
27. Finance income		
Interest revenue		
Bank	14 384 007	11 227 441
Outstanding debtors	13 266 410	8 032 074
	27 650 417	19 259 515
28. Property rates		
Rates received		
Residential Properties	87 277 266	82 243 492
Mining, Business and Commercial Properties	43 130 808	44 093 942
Public Service Purposes Property	20 108 718	19 115 633
Agricultural Properties	17 288 811	16 400 876
Public Service Infrastructure and Public Benefit Organisation	1 258 526	1 116 668
Industrial Properties	10 953 754	10 066 285
	180 017 883	173 036 896
Valuations		
	R'000	R'000
Land	11 050 825	11 292 429
Improvements	22 012 759	21 573 537
	33 063 584	32 865 966

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 2023. 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 0.008118 c/R (2022: 0.0077 c/R) and for industrial and commercial sites at 1.6236 c/R (2022: 1.5400 c/R).

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
29. Government grants and subsidies		
Operating grants		
Equitable share	147 822 000	131 552 000
Financial management grant	1 550 000	1 550 000
Other grants and donations	3 301 000	2 965 000
Provincial government	18 970 140	16 864 598
	171 643 140	152 931 598
Capital grants		
Capital grants	67 525 256	55 755 517
Total Government grants & subsidies	239 168 396	208 687 115
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
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	147 822 000	131 552 000
Transferred to revenue	(147 822 000)	(131 552 000)
	-	-
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)
	-	-
EPWP		
Balance unspent at beginning of year	-	-
Current-year receipts	3 301 000	2 965 000
Conditions met - transferred to revenue	(3 301 000)	(2 965 000)
	-	-
Housing projects		
Balance unspent at beginning of year	2 460 493	2 505 318
Current-year receipts	2 505 000	328 000
Conditions met - transferred to revenue	(360 412)	(372 825)
Other	(2 460 493)	-
	2 144 588	2 460 493

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

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
29. Government grants and subsidies (continued)		
LGWSETA Staff Development Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	762 580	704 311
Conditions met - transferred to revenue	(762 580)	(704 311)
Other	-	-
	<u>-</u>	<u>-</u>
Provincial government		
Balance unspent at beginning of year	752 098	507 454
Current-year receipts	16 303 521	15 489 981
Conditions met - transferred to revenue	(12 322 213)	(15 245 337)
Other	(377 670)	-
	<u>4 355 736</u>	<u>752 098</u>
Conditions still to be met - remain liabilities (see note 18).		
Cape Winelands		
Balance unspent at beginning of year	895 049	520 000
Current-year receipts	605 000	962 000
Conditions met - transferred to revenue	(1 038 050)	(586 951)
	<u>461 999</u>	<u>895 049</u>
Conditions still to be met - remain liabilities (see note 18).		
Capital Grants		
Balance unspent at beginning of year	74 878	618 016
Current-year receipts	99 070 689	57 360 000
Conditions met - transferred to revenue	(85 441 945)	(55 755 517)
Other	(4 242 885)	(2 147 621)
	<u>9 460 737</u>	<u>74 878</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

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
30. Fines, penalties and forfeits		
Damaged meters	243 320	139 935
Library	17 729	8 320
Traffic fines	94 662 960	28 592 864
	94 924 009	28 741 119
31. Employee related costs		
Basic Salary	210 538 876	205 764 989
Group life insurance	2 552 575	2 857 086
Bonus	16 895 669	15 783 805
Medical aid contributions	28 867 332	27 578 699
Unemployment Insurance Fund	1 784 053	1 580 791
Service Related Benefits	20 454 922	26 317 737
Travel and car allowances	11 296 713	10 464 447
Overtime payments	21 825 450	21 609 425
Acting allowances	2 566 626	2 053 179
Housing benefits and allowances	1 679 538	1 612 661
Other Allowances	10 374 617	9 959 530
Contribution to employee benefits	37 414 756	35 535 390
	366 251 127	361 117 739
Municipal Manager: D Mc Thomas		
Annual Remuneration	1 481 592	1 406 964
Car Allowance	288 369	221 666
Performance Bonuses	241 367	237 800
Contributions to UIF, Medical and Pension Funds	62 210	57 074
Group life insurance	12 588	14 767
	2 086 126	1 938 271
Chief Financial Officer: R Ontong		
Annual Remuneration	1 089 157	952 148
Car Allowance	242 882	304 528
Performance Bonuses	202 842	199 844
Contributions to UIF, Medical and Pension Funds	211 630	210 807
Other	12 885	15 135
	1 759 396	1 682 462

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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31. Employee related costs (continued)

Director - Engineering Services: J Steyn

Annual Remuneration	1 228 139	1 187 459
Car Allowance	326 290	240 000
Performance Bonuses	202 842	199 844
Contributions to UIF, Medical and Pension Funds	2 125	1 898
	1 759 396	1 629 201

Director - Strategic Support Service: R Esau

Annual Remuneration	956 633	888 405
Car Allowance	373 973	322 202
Performance Bonuses	202 842	199 844
Contributions to UIF, Medical and Pension Funds	225 948	228 389
Group Life Insurance	-	13 589
	1 759 396	1 652 429

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

Director - Community Service: S. Swartz

Annual Remuneration	1 066 083	1 021 470
Car Allowance	275 973	192 000
Performance Bonuses	202 842	199 844
Contributions to UIF, Medical and Pension Funds	201 897	201 087
Group Life Insurance	12 601	14 801
	1 759 396	1 629 202

32. Remuneration of councillors

Executive mayor	829 188	812 757
Deputy Executive Mayor	671 251	660 672
Chief whip	737 608	660 919
Speaker	664 555	629 276
Mayoral committee members	5 217 069	4 737 126
Councillors	9 551 048	9 453 125
Councillors pension contribution	1 168 080	1 124 750
Councillors medical aid contribution	227 606	236 605
	19 066 405	18 315 230

Remuneration of Councillors:

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

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022		
32. Remuneration of councillors (continued)				
Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
A Steyn	697 338	131 850	139 468	968 656
Deputy Executive Mayor				
JJ Von Willingh	563 811	107 440	113 279	784 530
Speaker				
JF Van Zyl	599 877	64 678	119 975	784 530
Chief Whip				
PH Marais	690 808	46 800	-	737 608
Mayco Members				
VA Bedworth	565 808	46 800	125 001	737 609
JR Jack	589 952	75 112	73 744	738 808
JP Kritzinger	569 760	55 096	113 952	738 808
WR Meiring	571 200	53 368	114 240	738 808
N Nel	583 510	85 050	70 249	738 809
PC Ramokhabi	650 117	48 000	40 691	738 808
E van der Westhuizen	575 811	56 873	106 123	738 807
F Vaughan	642 612	48 000	48 720	739 332
	4 748 770	468 299	692 720	5 909 789

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
32. Remuneration of councillors (continued)		
Councillors		
WM Blom	291 356	46 800
MN Bushwana	228 822	93 372
GL Daames	291 356	46 800
R Farao	212 883	83 896
MA Goedeman	271 029	46 800
EN Isaacs	250 946	69 589
C Ismail	245 984	93 372
RT Johnson	271 029	46 800
MR Jacobs	159 776	24 474
J Joseph	271 029	46 800
D Judge	291 356	46 800
SK Madlolo	286 274	46 800
ZM Mangali	271 029	48 000
TS Manuel	271 029	46 800
SJ Mei	260 754	48 000
JM Mokgosi	291 356	46 800
CT Nyithana	291 356	46 800
J Pieters	291 356	46 800
A Pietersen	261 746	57 979
O Ralehoko	291 356	46 800
M Sampson	252 111	63 000
TP Sibozo	291 356	46 800
SS Steenberg	291 356	46 800
M Swartz	291 356	46 800
HC Titus	347 821	46 800
LG Willemsse	113 305	15 867
MT Williams	291 356	48 000
CF Wilskut	271 029	48 000
NJ Wullschleger	271 029	48 000
LR Yayi	291 356	46 800
	8 013 897	1 537 149
		330 245
		9 881 291

Remuneration costs as percentage of total expenditure for 2023 is 34.48% (2022: 35.24%). The industry norm is between 25-40%. This figure includes employee related cost and the remuneration of councillors, as disclosed in note 31 and 32 to the Financial Statements.

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

33. Debt impairment

Impairments

Receivables from exchange transactions	36 767 878	48 571 663
Receivables from non-exchange transactions	79 749 888	32 224 761
	116 517 766	80 796 424

34. Depreciation and amortisation

Property, plant and equipment	94 494 848	88 489 877
Amortisation: Intangible assets	76 415	76 414
	94 571 263	88 566 291

35. Bulk purchases

Electricity - Eskom	372 992 719	383 068 449
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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
36. Finance costs		
External borrowings	19 436 796	20 973 934
37. Contracted services		
Consultants and Professional Services		
Accounting and Auditing	3 965 642	2 625 718
Audit Committee	93 824	94 850
Human Resources	1 136 244	8 250
Legal Advice and Litigation	6 077 411	1 097 569
Medical Examinations	28 292	20 690
Research and advisory	448 270	940 412
Laboratory Services	13 691	-
Infrastructure and planning	896 374	-
	12 659 748	4 787 489
Outsourced Services		
Administrative and Support Staff	-	211 832
Alien Vegetation Control	-	671 630
Burial Services	936 900	1 244 960
Business and Advisory	468 884	277 524
Call Centre	48 000	47 400
Catering Services	529 528	192 611
Clearing and Grass Cutting Services	443 032	928 285
Cleaning Services	174	13 000
Drivers Licence Cards	805 958	696 780
Litter Picking and Street Cleaning	4 086 112	3 401 314
Hygiene Services	308 710	270 575
Personnel and Labour	21 867 632	22 136 039
Refuse Removal	1 578 593	1 517 209
Sewerage Services	11 044 725	7 464 423
Security Services	-	18 592
Translators Scribes and Editors	108 129	104 742
Valuer	311 174	1 067 643
Transport Services	381 002	101 496
	42 918 553	40 366 055
Contractors		
Catering Services	9 000	19 295
Electrical Services	12 342 428	11 155 009
Employee Wellness	-	-
Event Promoters	1 203 491	1 296 819
Gardening Services	86 529	77 925
Graphic Designers	336 801	11 700
Maintenance of Buildings and Facilities	3 513 349	3 646 902
Maintenance of Equipment	10 395 175	10 695 295
Maintenance of Unspecified Assets	11 636 757	11 934 391
Medical Services	89 931	5 685
Pest Control and Fumigation	6 000	7 393
Plants Flowers and Other Decorations	-	4 790
Prepaid Electricity Vendors	-	1 198 753
Tracing Agents and Debt Collectors	-	234 856
Safeguard and Security	14 156 769	11 408 329
Mint of decorations	-	-
	53 776 230	51 697 142
	109 354 531	96 850 686

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
38. Grants and subsidies paid		
Other subsidies		
Grants in aid	3 419 195	3 581 533
39. Operational cost		
Achievements and Awards	24 674	235 678
Advertising, Publicity and Marketing	212 817	494 997
Assets less than the Capitalisation Threshold	221 269	318 336
Drivers Licences and Permits	18 644	10 442
Bank Charges	1 961 798	1 832 554
Bargaining Council	113 141	108 056
Cleaning services	7 050	17 174
Communication - Postage/Stamps	1 275 541	1 575 764
Communication - Telephone and fax	1 359 627	1 740 041
Courier and Delivery Services	1 361	507
Entertainment	12 147	8 053
External Audit Fees	4 734 889	2 723 915
External Computer Service	14 163 991	13 600 038
Resettlement Cost	-	8 150
Full Time Union Representative	217 333	53 326
Hire Charges	7 183 344	6 751 428
Insurance (Premiums)	6 084 467	4 419 025
Insurance (excess payments)	382 015	352 180
Learnerships and Internships	1 949 992	1 517 909
Licences (Radio and Television)	6 986	7 755
Motor Vehicle Licence and Registrations	939 932	956 908
Municipal Services	2 601 854	2 135 522
Printing Publications and Books	84 955	61 976
Professional Bodies Membership and Subscription	3 725 110	3 387 432
Provisions for rehabilitation of landfill sites	6 276 070	(7 888 196)
Registration fees	28 246	20 149
Remuneration to Ward Committees	1 207 200	787 050
Vehicle Tracking	-	214 080
Protective clothing	1 798 024	1 730 069
Skills Development Fund Levy	3 808 791	3 679 297
Travel and Subsistence	991 370	258 537
Water Resource Management Charges	698 744	1 487 878
Workmen's Compensation Fund	1 942 529	3 766 399
Bursaries	1 379 014	1 605 423
System Access and Information Fees	-	28 940
Communication - SMS Bulk Message Service	532 918	122 330
	65 945 843	48 129 122
40. Agency fees paid		
Prepaid electricity - Syntell	-	3 298 669
Prepaid electricity - Ontec	3 391 820	1 892 474
Easypay	334 026	358 867
Traffic Fine Management	2 795 180	-
	6 521 026	5 550 010

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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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 Easypay are paid over to the municipality. Easypay issues an invoice to the municipality for the transaction fees owed to them.

Traffic Fine Management (TMT):

TMT has been appointed by the municipality for the provision of speed law enforcement and related back office services. TMT issues 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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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
41. Fair value adjustments		
Fair value adjustment on investment property	15 812 674	1 494 500
Other financial assets		
• Discounting of long term receivables: Movement for the year	(1 096 031)	(258 875)
	14 716 643	1 235 625
42. Service related benefits		
Performance Bonus	1 099 875	1 037 178
Post retirement medical aid benefit	(9 789 000)	(13 933 000)
Long service awards	2 666 414	(1 029 731)
Provision for leave payments	480 731	1 595 764
Provision for 13th cheques	82 615	512 565
Actuarial gain/(loss)	25 710 286	37 808 361
In kind benefits : Senior Management	204 000	326 600
	20 454 921	26 317 737
43. Cash generated from operations		
Surplus	120 913 802	65 977 952
Adjustments for:		
Depreciation, amortisation and impairment	94 571 261	88 566 292
Loss/ (Profit) on sale of assets and liabilities	623 094	2 085 040
Fair value adjustments	(14 716 643)	(1 235 625)
Operating lease straight lining	19 696	57 940
Debt impairment	116 517 766	80 796 424
Actuarial gain/loss	(25 710 286)	(37 808 361)
Movements in retirement benefit assets and liabilities	27 068 224	32 687 506
Rehabilitation	6 276 070	(7 888 196)
Inventory losses	453 639	(44 798)
Donated assets	(17 916 689)	-
Other non-cash items	659 344	315 231
Changes in working capital:		
Inventories	(6 660 677)	(1 714 787)
Receivables from exchange transactions	(48 646 325)	(80 298 431)
Receivables from non-exchange transactions	(86 075 958)	(4 640 723)
Construction contracts and receivables	-	-
Short term investments	(232 534)	(1 794 251)
Interest	(404 655)	(362 453)
Other receivables from non exchange transactions	(5 715 022)	31 620
Payables from exchange transactions	(45 691 581)	15 296 315
Unspent conditional grants and receipts	12 195 716	31 731
Employee benefit obligation	(12 581 634)	(11 785 670)
	114 946 608	138 272 756

BREEDE VALLEY MUNICIPALITY

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Figures in Rand	2023	2022
44. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	132 375 757	178 275 076
• Community	-	-
	132 375 757	178 275 076
Total capital commitments		
Already contracted for but not provided for	<u>132 375 757</u>	<u>178 275 076</u>
All capital commitments excludes VAT		
This committed expenditure relates to infrastructure projects and will be financed through external loans, reserves and grants.		
This Expenditure will be financed from:		
External loans	36 616 694	52 354 411
Government grant	54 399 117	80 432 106
Capital replacement reserve	41 359 946	45 488 559
	<u>132 375 757</u>	<u>178 275 076</u>
45. Contingent liabilities		
Guarantees		
Guarantee Eskom (Nedbank)	63 400	63 400
Guarantee South Africa Post Office Limited (Nedbank)	180 000	180 000
	<u>243 400</u>	<u>243 400</u>
Legal Matters		
Worcester Land Trust/BVM Case No.3168/6- Contractual claim against the municipality	31 037 841	31 037 841
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.	1 761 927	1 098 049
Ngadlala / 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
Belani & Matolla / BVM - Permanent disability and death claim dispute	-	700 000
BVM//Dippenaar Trust - Walling Project	-	4 309 990
	<u>32 816 535</u>	<u>37 596 523</u>

BREEDE VALLEY MUNICIPALITY

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46. Disclosures made in terms of Supply Chain Management Regulation 45

The following disclosures were made in terms of Supply Chain Management Regulation 45.

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

Company name	Names of Directors which are related to municipal officials	Municipal Officials's name	Relationship with municipal official	Family member employment details		
Kiewiet Petrus Oliphant	Kiewiet Petrus Oliphant	Candice Joslyn Oliphant	Daughter to Kiewiet Petrus Oliphant	Traffic Officer at the Breede Valley Municipality	18 000	-
Mahdie & Daughters	Zeenat van der Merwe	Lyle Gerard van der Merwe	Spouse to Lyle Gerard van der Merwe	Housing Inspector at Breede Valley Municipality	15 000	-
Golimas	Goliath Jacobs	Brumilda Jacobs	Daughter of Goliath Jacobs	Internal Auditor at the Breede Valley Municipality	-	128 949
Hexvallei Sekuriteit BK	Marius Pheifer	Marinda Pheifer	Spouse of Marius Pheifer	Senior Clerk: Revenue at the Breede Valley Municipality	-	4 636
Lee-Handro	Sheryl Kock	Frederick Kock	Spouse to Sheryl De Kock	Process Controller at WWTW Breede Valley Municipality	95 950	-
Nuop (Pty) Ltd	Gerald Cremon	Danielle Opperman	Spouse of Gerald Cremon	Storekeeper at the Breede Valley Municipality	-	845 913
CJ Nasson Maintenance	Cecil Jacobus Nasson	Jeswill Nasson	Son of Cecil Jacobus Nasson	General Worker at the Breede Valley Municipality	-	153 100
Lynette Minaar Psychologist K2020067664 (SOUTH AFRICA) T/A GR Cleaning and Supply X-Zito Entertainment	Lynette Minaar	Melissa Kafaar	Daughter of Lynette Minaar	Superintendent at solid waste Breede Valley Municipality	4 450	-
	Gerald Leisa	Letitia Leisa	Sister of Gerald Leisa	Senior Clerk SCM at Breede Valley Municipality	831 284	400 851
	Xolile Vas	Nontando Vas	Spouse to Xolile Vas	Clerk at HR Office	4 800	-
					969 484	1 533 449

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46. Disclosures made in terms of Supply Chain Management Regulation 45 (continued)

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

Company name	Name of Directors which are related to employee in service of the state	Name of employee in service of the state	Relationship to employee in service of the state	Family member 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
Vuyani Electrical Supplies	Julia Aghulas	Marvin Aghulas	Son of Julia Aghulas	Electrician at the City of Cape Town	-	173 167
					-	-
					-	173 167

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

Company name	Name of Directors which are related to employee in service of the state	Name of employee in service of the state	Relationship to employee in service of the state	Family member 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
	Sandile Gxilishe	Bongiwe Gxilishe	Daughter of Sandile Gxilishe	Officer at Department of Agriculture and Forestry	-	Rate based
Sannicare cc	Izak Majiet	Charlton Majiet	Son of Izak Majiet	Supervisor at the Department of Transport	115 442	-
Total Client Services	Lindikhaya Sipoyo	Rachel Tsipa-Sipoyo	Spouse of Lindikhaya Sipoyo	CEO at the Western Cape Department of Transport	-	Rate based
XKK Corporation (Pty) Ltd	Xola Magwevana	Noxolo Magwevana	Sister to Xola Magwevana	Correctional Officer at the Department of Correctional Services	68 325	72 585
Fancy Affairz	Ash Maharaj	Clarke Marais	Spouse of Ash Maharaj	Police Officer at the South African Police Service	56 595	4 800
JVZ Construction (Pty) Ltd	Marissa Matthee	Mr R.E Matthee	Spouse to Marissa Matthee	Correctional Officer at the Department of Correctional Services	52 340 962	-
Elton Shortles Attorneys Inc	Elton Shortles	Anthea Shortles	Spouse of Elton Shortles	Lecturer at the CPUT	10 732	Rate based
Canopy Country BK	Schalk Fourie	Madeline Fourie	Daughter of Schalk Fourie	Clerk at Department of Health	-	54 631

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46. Disclosures made in terms of Supply Chain Management Regulation 45 (continued)						
EL Zeek Construction and Services Civils 2000 (Pty) Ltd	Elton Phukule	Jillian Phukule	Spouse to Elton Phukule	Teacher at Department of Education	-	40 374
	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
Terence Harker Architecture	Terence Harker	Jeanette Harker	Spouse of Terence Harker	Educator at the Western Cape Education Department	36 800	111 090
Delta Rewinds	Adburagmaan Daniels	Mishka Human	Daughter of Adburagmaan 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	2 422 662	91 784 164
Awam K	Awamodien Karriem	Majieda Karriem	Spouse to Awamodien Karriem	Lecturer at Boland College	6 000	-
Lungisapho	Vusumzi Mooi	Luyanda Mooi	Brother to V Mooi	Correctional Officer at the Department of Correctional Services	26 500	-
Harry Upholestry	Willie Du Toit	Bertronise April	Daughter to Willie Du Tiot	Traffic Officer at Provincial Traffic	102 196	-
Elzeek Construction and Servcies	Elton Phukule	Jillian Phukule	Spouse to Elton Phukule	Teacher at Avainpark Primary at Department of Education	87 000	-
Indecon	Trevor Barnard	Lizette Barnard	Spouse of Director Trevor Barnard	Teacher at De Hoop Primary at Department of Education	57 489	-
Mindspring Computing	Renata Hendriks	Brintley Hendriks	Spouse to Renata Hendriks	Artisan at City of Capetown	55 189	-
Nedbank Limited	Stanley Subramoney	Venisha Subramoney	Spouse to Stanley Subramoney	Educator at the Gauteng Education Department	Rate based	
Adapt IT	Nombail Mbambo	Dudley Muziwamadod a Mbambo	Spouse to Nombali Mbambo	Operation Manager at Sanral	195 163	-
Webber Wenzel Attorneys	Sheena Dias	Nicolas Dias	Spouse to Sheena Dias	Senior Legal Advisor at City of Cape Town	37 088	-

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46. Disclosures made in terms of Supply Chain Management Regulation 45 (continued)						
Ian Dickie	Marcia Samuels	Deon Samuels	Spouse to Maria Samuels	Warrant Officer at SAPS	205 820	-
					<u>55 823 963</u>	<u>114 142 878</u>
					<u>56 793 447</u>	<u>115 849 494</u>

The total SCM regulation 45 awards amounted to R 56 793 447 (2022: R115 849 494) and are inclusive of rate based awards of which the value cannot be determined upfront.

BREEDE VALLEY MUNICIPALITY

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47. Fruitless and wasteful expenditure

No fruitless and wasteful expenditure were incurred during the financial year. There were no fruitless and wasteful expenditure balance as at 30 June 2023.

48. Unauthorised expenditure

No unauthorised expenditure were incurred during the financial year. There were no unauthorised expenditure balance as at 30 June 2023.

49. Irregular expenditure

No irregular expenditure were incurred during the financial year. There were no irregular expenditure balance as at 30 June 2023.

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 R43 130 815 (2022: R23 684 161) 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	10 223 553	15 584 532
Sole provider	21 191 483	122 370
Impractical or impossible to follow the SCM process	11 715 779	7 977 259
	43 130 815	23 684 161

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51. Material losses		
Water distribution losses		
Units supplied	14 119 937	14 168 718
Units sold	(12 102 246)	(11 741 327)
	2 017 691	2 427 391
Electricity distribution losses		
Units bought	247 318 166	282 707 483
Units sold	(232 221 706)	(261 457 970)
	15 096 460	21 249 513
Percentage loss in distribution		
Water distribution losses	14.29%	17.13%
Electricity distribution losses	6.10%	7.52%

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 2022 over the remaining useful life of these assets.

	2022	2023	2024
Decrease/(Increase) in depreciation on other assets for the year	(104 620)	(44 093)	(17 375)
Decrease/(Increase) in depreciation on infrastructure for the year	(266)	(266)	(266)
	(104 886)	(44 359)	(17 641)

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 decrease of the estimated number of years for the Worcester landfill site from 15 years to 14 years and a decrease in the De Doorns landfill site from 17 years to 16 years. The decrease in the remaining number of years resulted in an increase of depreciation of R598 176 (2022:R355 378).

The effect on the current year is an decrease in the carrying amount of property, plant and equipment by R242 799 and increase the depreciation expense by R242 799.

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

BREEDE VALLEY MUNICIPALITY

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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 1 744 685

The effect on the current year is a decrease in Fines, Penalties and Forfeits income by R1 744 685 and a decrease in Debt Impairment expenditure by R1 744 685.

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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: During a Salary reconciliation performed It was found that in the prior year a salary correction was made against an incorrect account number. This incorrect account number formed part of note 7 - Other receivables from exchange transactions in the prior year. Whereas the correct account number was supposed to be part of Payables from exchange transactions. The correction therefore resulted in a decrease in Note 7 - Other receivables from exchange transactions of R1 442 106 and a decrease in Note 16 - Payables from exchange transactions of R1 442 106.

Error 2 :During the prior year the municipality incorrectly recognised the I-Grap 2 adjustment of R13 995 563 directly in Nett Assets instead of the in the Surplus/Deficit (Operational Cost). In the current year the municipality corrected this error. The correction resulted in a decrease of Operational Cost by R13 995 563 and a increase of the Surplus/Deficit recognised by R13 995 563..

Error 3: During the year the municipality found that Investment Property with a bookvalue of R350 000 was sold in the 2020/21 financial year but not disposed from the municipality's asset register. No proceeds was received for the sale of the property. The municipality corrected this error by disposing the investment property from the Municipality's asset register retrospectively. This disposal resulted in a decrease in Investment Property of R350 000 and a decrease in the Accumulated Surplus of R350 000 .

Error 4: The municipality previously incorrectly disclosed one of the categories of Financial Instruments. The correction resulted in long term receivables to be reclassified from amortised cost to fair value. Furthermore the municipality incorrectly disclosed the long term loans in the risk management note at discounted cashflows. The correction of the disclosure error resulted in the long term loans of the prior year to be restated from R184 183 358 to R295 317 648.

Reclassifications:

Error 5: Development Charges of R822 023 previously classified as Sales of goods and rendering of services has been reclassified to Operational Revenue .

Error 6: The line items of the payables from exchange transactions has been reclassified due to parameter changes. The line item other payables of R1 985 248 was reclassified to trade payables. The closing balance remained unchanged.

Statement of financial performance Revenue	Balance as previously reported	Prior period error	Reclassified	Total
Service Charges	718 276 538	-	-	718 276 538
Sales of goods and rendering of services	6 460 921	-	(822 023)	5 638 898
Income from agency services	9 449 678	-	-	9 449 678
Licenses	2 619 982	-	-	2 619 982
Rental income	6 683 602	-	-	6 683 602
Operational revenue	4 430 163	-	822 023	5 252 186
Finance Income	19 259 515	-	-	19 259 515
Availability charges	6 766 308	-	-	6 766 308
Property rates	173 036 896	-	-	173 036 896
Property rates - penalties imposed and collection	1 782 296	-	-	1 782 296
Government grants and subsidies	208 687 115	-	-	208 687 115
Fines, penalties and forfeits	28 741 119	-	-	28 741 119
	1 186 194 133	-	-	1 186 194 133
Expenses				Total
Employee related cost	(361 117 739)	-	-	(361 117 739)
Remuneration of councillors	(18 315 230)	-	-	(18 315 230)
Depreciation, amortisation and impairment	(88 566 291)	-	-	(88 566 291)
Bulk purchases	(383 068 449)	-	-	(383 068 449)
Finance cost	(20 973 934)	-	-	(20 973 934)
Inventory consumed	(41 234 443)	-	-	(41 234 443)
Contracted services	(96 850 686)	-	-	(96 850 686)
Operating leases	(9 036 064)	-	-	(9 036 064)
Grants and subsidies paid	(3 581 533)	-	-	(3 581 533)
Operational cost	(62 124 685)	13 995 563	-	(48 129 122)
Agency fees paid	(5 550 010)	-	-	(5 550 010)
	(1 090 419 064)	13 995 563	-	(1 076 423 501)

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Operating (deficit)/surplus	95 775 069	-	-	95 775 069	
Gains on disposal of assets	(2 085 040)	-	-	(2 085 040)	
Fair value adjustment	1 235 625	-	-	1 235 625	
Actuarial gains	37 808 361	-	-	37 808 361	
Debt impairment	(80 796 424)	-	-	(80 796 424)	
Inventory gains(losses)	44 798	-	-	44 798	
Surplus for the year	51 982 389	13 995 563	-	65 977 952	
Statement of financial position	Current assets	Balance as previously reported	Prior period error	Reclassified	Total
Cash and Cash Equivalents	89 089 335	-	-	-	89 089 335
Receivables from exchange transactions	98 084 508	-	-	-	98 084 508
Statutory receivables	25 073 499	-	-	-	25 073 499
Other receivables from non exchange	1 894 588	-	-	-	1 894 588
Other receivables from exchange transactions	9 432 078	(1 442 106)	-	-	7 989 972
Inventory	11 821 383	-	-	-	11 821 383
Short term investments	91 794 251	-	-	-	91 794 251
Long term receivables	2 147 556	-	-	-	2 147 556
Operating lease asset	361 087	-	-	-	361 087
	329 698 285	(1 442 106)	-	-	328 256 179
Non-current assets	-	-	-	-	-
Investment property	63 636 633	(350 000)	-	-	63 286 633
Property,plant and equipment	2 399 706 857	-	-	-	2 399 706 857
Intangible assets	4 013 732	-	-	-	4 013 732
Heritage assets	36 631 059	-	-	-	36 631 059
Long term receivables	2 612 889	-	-	-	2 612 889
	2 506 601 170	(350 000)	-	-	2 506 251 170
Current liabilities					
Payables from exchange transactions	124 936 972	(1 442 106)	-	-	123 494 866
Consumer deposits	4 587 173	-	-	-	4 587 173
Unspent conditional grants and receipts	4 227 344	-	-	-	4 227 344
Long term liabilities	19 580 156	-	-	-	19 580 156
Employee benefit obligation	48 139 959	-	-	-	48 139 959
Provisions	3 084 771	-	-	-	3 084 771
	204 556 375	(1 442 106)	-	-	203 114 269
Non-current liabilities					Total
Long term liabilities	164 603 202	-	-	-	164 603 202
Employee benefit obligation	158 535 000	-	-	-	158 535 000
Provision	55 224 177	-	-	-	55 224 177
	378 362 379	-	-	-	378 362 379
Nett Assets					
Accumulated surplus	2 253 380 701	-	-	-	2 253 380 701
Investment property	-	(350 000)	-	-	(350 000)
	2 253 380 701	(350 000)	-	-	2 253 030 701

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Notes to the Annual Financial Statements

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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.

Error 1 : Cash flows from services and rate payers was restated with R13 857 528 due to the incorrect treatment of landfill site in the prior year and the movement of Long term receivables of R370 301 which was incorrectly classified as cash flows from services and rate payers rather than Cash flows from investing activities. This correction also resulted in the cashflow from investing activities to increase with R370 301.

Error 2 : Finance income:investing activities increased with R1 355 517 due to accrued income for receivables incorrectly classified as a cash item in the prior year.

Error 3 : Cash paid to suppliers decreased with R14 288 810 due to the correction relating to Landfill Sites adjustments of R13 995 563 which was previously included in Cash Flows from Services , Inventory transferred to PPE not previously included as a non-cash item under Cash paid to suppliers as well as the correction to the Payables balance of R1 442 106.

Error 4: During the prior year the opening balance of Accrued Interest was not taken into account. The full interest accrued balance was included in the cash flow, and the opening balance of R5 406 958 was included under Repayment of Borrowings. The correction of the error resulted in Finance costs to increase with R5 406 958 and Repayment of long term liabilities to decrease with R5 406 958.

Error 5: Purchase of property, plant and equipment was restated with R2 980 915 due to PPE disposals ,PPE Transfers and Investment Property disposals not correctly accounted for in the prior year cashflow calculation.

Error 6: Proceeds from sale of PPE and Investment properties was restated with R1 564 419 due to Statement of Financial Performance amount which was incorrectly used in the prior year instead of the proceeds amount . In addition, a cash outflow was incorrectly reported in prior year calculation, instead of a cash inflow from proceeds.

Cashflow Statement	Balance previously reported	Prior period error	Reclassified	Total
Cashflow form operating activities: Receipts	-	-	-	-
Cash flows from services and rate payers	887 197 497	(13 857 528)	-	873 339 969
Cash flows from government and other grants	208 718 846	-	-	208 718 846
Finance income:investing activities	16 109 747	1 355 517	-	17 465 264
	1 112 026 090	(12 502 011)	-	1 099 524 079
Payments				Total
Cash paid to employees	(358 531 133)	-	-	(358 531 133)
Cash paid to suppliers	(592 091 080)	14 288 810	-	(577 802 270)
Finance costs	(15 929 429)	(5 406 958)	-	(21 336 387)
Grants paid	(3 581 533)	-	-	(3 581 533)
	(970 133 175)	8 881 852	-	(961 251 323)
Cashflow from investing activities:				Total
Purchase of property, plant and equipment	(134 465 625)	(2 980 915)	-	(137 446 540)
Proceeds from sale of PPE and Investment properties	(351 673)	1 564 419	-	1 212 746
Long term receivables	(521 269)	(370 301)	-	(891 570)
Increase/ decrease in investment	11 414 454	-	-	11 414 454
	(123 924 113)	(1 786 797)	-	(125 710 910)

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Cashflow from financing activities:			Total
Repayment of long term liabilities	(18 447 673)	5 406 958	- (13 040 715)
Movement in consumer deposits	220 462	-	- 220 462
	(18 227 211)	5 406 958	- (12 820 253)
 			Total
Net increase/(decrease) in cash and cash equivalents	(258 409)	-	- (258 409)
Cash and cash equivalents at the beginning of the year	89 347 744	-	- 89 347 744
	89 089 335	-	- 89 089 335

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54. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	-	148 753 183	148 753 183
Receivables from exchange transactions	-	101 496 560	101 496 560
Other receivables from non- exchange transactions	-	2 326 795	2 326 795
Other receivables from exchange transactions	-	5 201 990	5 201 990
Long term receivables	9 931 744	-	9 931 744
Short term investments	-	10 232 534	10 232 534
	9 931 744	268 011 062	277 942 806

Financial liabilities

	At amortised cost	Total
Long term Liabilities	279 243 053	279 243 053
Consumer deposits	4 687 970	4 687 970
Payables from exchange transactions	88 393 031	88 393 031
Unspent conditional grants	16 423 060	16 423 060
	388 747 114	388 747 114

2022

Financial assets

	At fair value	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	-	2 769 446	2 769 446
Long term receivables	4 760 445	-	4 760 445
Short term investments	-	91 794 251	91 794 251
	4 760 445	283 632 128	288 392 573

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	115 128 355	115 128 355
Unspent conditional grants	4 227 344	4 227 344
	308 126 230	308 126 230

55. Risk management

Liquidity risk

BREEDE VALLEY MUNICIPALITY

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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 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	88 393 031	-	-	-
Consumer deposits	4 687 970	-	-	-
Long term liabilities	55 082 469	50 502 519	144 218 526	252 164 387
Unspent conditional grants	16 423 060	-	-	-
	-	-	-	-
	164 586 530	50 502 519	144 218 526	252 164 387
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	115 128 355	-	-	-
Consumer deposits	4 587 173	-	-	-
Long term liabilities	39 421 606	68 754 203	95 932 125	91 209 715
Unspent conditional grants	4 227 344	-	-	-
	-	-	-	-
	163 364 478	68 754 203	95 932 125	91 209 715

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	101 496 560	98 084 508
Other receivables from non-exchange transactions	2 326 795	1 894 588
Receivables from non-exchange transactions	5 201 990	2 769 446
Long term receivables	9 931 744	4 760 445
Short term investments	10 232 534	91 794 251
Cash and cash equivalents	148 753 183	89 089 335
	277 942 806	288 392 573

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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. Donations in-kind

Provincial Government	17 350 000	-
Cape Winelands DM	547 989	-
Other – Private enterprises	18 700	-
	<u>17 916 689</u>	<u>-</u>

During the 2022/23 financial year the Municipality received the following in kind donations:

Investment Property of R17 350 000.

Vehicles, office and other equipment of R566 689.

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.

58. Events after the reporting date

No other adjusting events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after 30 June 2023.

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59. 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 2023 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 found that no adjustments affecting Financial Position, Financial Performance, Net Assets or Cash Flows needs to be made. Accordingly, the segmental information for Capital Assets and Financial Performance of the municipality is disclosed in the Annual Financial Statements. It is not practical to segmentize Financial Position and Cash Flow operations.

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

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

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

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59. Segment information (continued)

Types of goods and/or services by segment

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

Reportable segment

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

Goods and/or services

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

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59. Segment information (continued)

Segment surplus or deficit

2023

	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	-	-	-	472 095 946	104 272 763	88 069 363	45 928 265	-	710 366 337
Sales of goods and rendering of services	549 923	3 506 142	1 453 187	-	-	-	11 290	-	5 520 542
Income from agency services	227 201	-	9 463 077	-	-	-	-	-	9 690 278
Licences and permits	1 627	481 407	2 640 433	-	-	-	-	-	3 123 467
Rental Income	1 154 350	6 323 767	844 373	275 189	769 319	536 666	-	-	7 478 117
Operational revenue	7 531 900	12 580	-	-	-	-	-	-	9 970 027
Finance Income	26 375 977	1 274 440	-	-	1 337 719	2 205 086	1 012 686	-	27 650 417
Availability Charges	-	-	-	2 536 421	-	-	-	-	7 091 912
Property rates	180 017 883	-	-	-	-	-	-	-	180 017 883
Property tax and penalties	2 784 887	-	-	-	-	-	-	-	2 784 887
Government grants & subsidies	44 145 201	48 728 546	7 823 500	26 885 569	59 428 153	47 739 667	22 321 400	13 049	257 085 085
Fines, penalties and forfeits	-	94 680 688	-	243 321	-	-	-	-	94 924 009
Total segment revenue	262 788 949	155 007 570	22 224 570	502 036 446	165 807 954	138 550 782	69 273 641	13 049	1 315 702 961

Expenditure

Bulk purchase	-	-	-	(372 992 719)	-	-	-	-	(372 992 719)
Contracted services	(42 378 498)	(13 424 799)	(5 909 442)	(17 654 904)	(2 652 884)	(16 745 140)	(10 582 861)	(6 003)	(109 354 531)
Depreciation and amortisation	(6 625 764)	(8 307 426)	(27 869 002)	(19 146 401)	(13 560 873)	(14 858 368)	(4 202 761)	(668)	(94 571 263)
Employee related cost	(118 382 445)	(99 300 590)	(43 466 628)	(27 402 219)	(29 680 452)	(24 105 804)	(23 845 813)	(67 175)	(366 251 126)
Finance cost	(211 648)	(284 695)	(1 248 635)	(5 766 152)	(2 218 624)	(9 671 958)	(35 084)	-	(19 436 796)
Grants and subsidies paid	(1 320 580)	(1 395 230)	(540 000)	-	-	-	-	(163 385)	(3 419 195)
Inventory Consumed	(17 603 619)	(4 306 499)	(2 673 407)	(9 053 066)	(14 065 045)	(2 178 691)	(977 252)	(19 971)	(50 877 550)
Operating lease	(1 767 950)	(4 183 895)	-	(3 048)	-	-	(3 230 242)	-	(9 185 135)
Operational cost	(42 262 210)	(8 435 130)	(1 493 202)	(1 801 596)	(2 008 726)	(2 527 983)	(7 263 169)	(153 828)	(65 945 844)
Remuneration of councillors	(19 066 405)	-	-	-	-	-	-	-	(19 066 405)
Agency fees paid	(334 026)	(2 795 180)	-	(3 391 820)	-	-	-	-	(6 521 026)

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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
59. Segment information (continued)									
Total segment expenditure	(249 953 145)	(142 433 444)	(83 200 316)	(457 211 925)	(64 186 604)	(70 087 944)	(50 137 182)	(411 030)	1 117 621 590
Total segmental surplus/(deficit)									198 081 372
Gain/(loss) on disposal of assets and liabilities									(623 094)
Fair value adjustment									14 716 643
Actuarial gains									25 710 286
Debt impairment									(116 517 766)
Inventory losses									(453 639)
Total surplus (deficit) for the period									120 913 802

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
2022 Revenue									
Service charges	-	-	-	-	-	-	-	-	-
Sales of goods and rendering of services	500 404	3 352 013	1 775 674	491 843 609	101 432 999	82 141 193	42 858 737	-	718 276 538
Income from agency services	388 321	-	9 061 357	-	-	-	10 807	-	5 638 898
Licences and permits	226	407 331	2 212 425	-	-	-	-	-	9 449 678
Rental Income	1 027 140	5 656 462	-	-	-	-	-	-	2 619 982
Operational revenue	3 253 559	23 870	1 155 048	176 161	379 035	264 513	-	-	6 683 602
Finance Income	18 533 337	726 178	-	-	-	-	-	-	5 252 186
Availability Charges	-	-	-	2 361 029	1 289 976	2 130 257	985 047	-	19 259 515
Property rates	173 036 896	-	-	-	-	-	-	-	6 766 309
Property tax and penalties	1 782 296	-	-	-	-	-	-	-	173 036 896
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	-	139 936	-	-	-	-	28 741 119
Total segment revenue	236 043 629	67 083 527	28 357 823	523 140 697	138 080 016	128 833 360	64 568 131	86 951	1 186 194 134

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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
59. Segment information (continued)									
Expenditure									
Bulk purchases	-	-	-	(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 costs	(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 costs	(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	(964 997)	(4 174 827)	(152 830)	(102 765)	(38 795)	(24 886)	(3 534 238)	(42 726)	(9 036 064)
Operational Costs	(37 694 693)	(6 942 687)	(2 288 561)	(2 118 062)	(3 706 000)	(1 976 438)	6 682 429	(85 110)	(48 129 122)
Remuneration of councillors	(18 315 230)	-	-	-	-	-	-	-	(18 315 230)
Agency fees paid	(358 867)	-	-	(5 191 143)	-	-	-	-	(5 550 010)
Total segment liabilities	(252 810 845)	(120 740 724)	(76 232 214)	(459 361 264)	(62 085 290)	(67 570 233)	(37 231 034)	(391 897)	1 076 423 501
Gain/(loss) on disposal of assets and liabilities									(2 085 040)
Fair value adjustments									1 235 625
Actuarial gains/(losses)									37 808 361
Debt impairment									(80 796 424)
Inventory gains/(losses)									44 798
									65 977 953

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59. Segment information (continued)

Segmental Analysis of Capital Expenditure 2023

	Original Budget	Total Budget Adjustments	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Executive and Council	10 000	30 050	40 050	(5 063)	87	350	-
Budget and treasury office	32 635 000	(10 864 930)	21 770 070	(2 721 996)	88	58	-
Corporate services	-	-	-	-	-	-	-
Community and Social Services	4 832 000	1 273 637	6 105 637	(2 508 755)	59	75	-
Sport and Recreation	3 820 000	(2 095 349)	1 724 651	(751 912)	56	26	-
Public safety	639 000	851 953	1 490 953	(216 592)	86	199	-
Housing	-	17 350 000	17 350 000	-	-	-	-
Health	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-
Planning and Development	1 820 000	(200 000)	1 620 000	(263 419)	84	75	-
Road Transport	54 426 193	1 285 481	55 711 674	(7 579 158)	86	88	-
Trading Services	-	-	-	-	-	-	-
Electricity	66 230 000	8 912 890	75 142 890	(26 598 985)	65	73	-
Water	94 687 879	(23 976 551)	70 711 328	(32 214 334)	54	41	-
Waste Water Management	58 249 680	98 625 175	156 874 855	(65 623 092)	58	157	-
Waste Management	1 200 000	84 000	1 284 000	(524 185)	59	63	-
	318 549 752	91 276 356	409 826 108	(139 007 491)	66	85	-

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59. 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
Executive and Council	10 000	65 000	75 000	61 608	(13 392)	82	616
Budget and treasury office	6 995 000	5 135 185	12 130 185	5 337 600	(6 792 585)	44	76
Corporate services	-	-	-	-	-	-	-
Community and Social Services	728 000	332 945	1 060 945	480 674	(580 271)	45	66
Sport and Recreation	22 600 000	(5 629 698)	16 970 302	16 450 544	(519 758)	97	73
Public safety	500 000	-	500 000	431 532	(68 468)	86	86
Housing	-	80 000	80 000	-	(80 000)	-	-
Health	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-
Planning and Development	-	40 000	40 000	10 850	(29 150)	27	-
Road Transport	51 600 511	(16 170 795)	35 429 716	36 073 695	643 979	102	70
Electricity	45 480 114	1 642 987	47 133 101	46 877 151	(255 950)	99	103
Water	7 307 887	12 853 794	20 161 681	15 555 220	(4 606 461)	77	213
Waste Management	14 482 607	7 002 521	21 485 128	21 472 442	(12 686)	100	148
Waste Water Management	1 516 145	(1 170 133)	346 012	346 012	-	100	23
	151 230 264	4 181 806	155 412 070	143 097 328	(12 314 742)	92	95

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

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60. 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	DeDGOGBH3	154 176	33 29,186	19 40,033
DeDoorns	BVM	DeDGOGBH2	157 680	33 29,202	19 40,035
DeDoorns	BVM	DeDGOGBH1	157 680	33 29,218	19 40,027

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61. Additional disclosure in terms of Municipal Finance Management Act			
Municipal bank accounts			
Bank statement balances	30 June 2023	30 June 2022	30 June 2021
Nedbank - Worcester Branch Cheque Account	147 458 730	89 310 162	91 481 689
Cash book balances	30 June 2023	30 June 2022	30 June 2021
	148 740 078	89 076 226	89 334 611
Membership fees: SALGA			
Current year subscription / fee		3 622 912	3 299 266
Amount paid - current year		(3 622 912)	(3 299 266)
		-	-
Audit fees			
Opening balance		-	-
Current year subscription / fee		4 734 889	2 723 915
Amount paid - current year		(4 734 889)	(2 723 915)
		-	-
PAYE and UIF			
Opening balance		5 025 760	4 226 943
Current year subscription / fee		56 711 215	55 020 542
Amount paid - current year		(52 149 884)	(49 994 782)
Amount paid - previous years		(5 025 760)	(4 226 943)
		4 561 331	5 025 760
Pension and medical aid deductions			
Opening balance		414 119	518 211
Current year subscription / fee		106 217 020	101 182 740
Amount paid - current year		(105 839 352)	(100 768 621)
Amount paid - previous years		(414 119)	(518 211)
		377 668	414 119
VAT			
VAT receivable		6 788 630	5 238 029

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

Councillors' arrear consumer accounts

As at 30 June 2023 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.

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61. 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 reported to the Council.

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

62. 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 2023 there were no key management or councillors with outstanding consumer accounts for more than 90 days.

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

63. 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.

		Transactions for the year to date:				Less:		Add:		Balance as at		Carrying Value
Mun Ref.	Fin Inst. Ref.	Date	Amount	Date	Balance as at 30/06/2022	Received	Redeemed	Interest Paid	Interest Accrued Previous Year	Interest Accrued Current Year	Interest as per Lenders	
EXTERNAL LOANS												
ANNUITY & STOCK LOANS												
3-9901-60725190												
8												401 137 264,34
Loans redeemed												935 804,26
DBSA: @ 10.55%		14/07/2005	21 736 259,25	31/03/2014	179 138 853,43	110 000 000,00	14 535 651,02	19 841 450,56	(5 044 504,87)	4 639 850,62	4 639 850,62	6 660 313,51
DBSA: @ 10.891%		14/11/2005	22 000 000,00	31/03/2015								9 711 108,00
DBSA: @ 10.40%				31/03/2009								10 206,08
DBSA: @ 11.00%		26/06/1997	9 179 000,00	31/03/2014								1 107 762,62
DBSA: @ 12.00%		02/11/1999	3 000 000,00	31/03/2017	0,00							256 013,27
DBSA: @ 12.00%	10847/102	25/07/1997	7 000 000,00	31/03/2017								939 138,81
ABSA: @ Variable rate	10736/102			30/06/2009								4 007 573,22
DBSA: @ 8.69%	102124/1	21/08/2006	25 000 000,00	30/09/2016	0,00							11 244 159,04
INCA/FNB: @ 10.21%	2991	29/09/2006	50 000 000,00	30/09/2016								25 770 497,18
INCA/FNB: @ 10.14%	2992	29/09/2006	5 000 000,00	30/09/2012								621 097,28
DBSA: @ 5.00%	5027	31/03/2008	23 000 000,00	31/03/2018								12 749 933,07
DBSA: @ 9.46%	5028	31/03/2008	40 000 000,00	31/03/2018								26 220 938,40
DBSA: @ 9.46%	5029	31/03/2008	2 000 000,00	31/03/2015								52 643,94
DBSA: @ 6.75%	11097	09/03/2010	21 000 000,00	31/03/2030	11 584 108,77		1 135 186,18	763 175,18	(194 946,27)	175 842,48	175 842,48	15 286 245,76
DBSA: @ 12.08%	11098	09/03/2010	29 000 000,00	31/03/2030	18 972 285,90		1 519 522,25	2 247 609,85	(571 393,27)	525 629,43	525 629,43	21 700 842,94
DBSA: @ 11.326%	11099	16/07/2010	50 000 000,00	31/03/2030	33 170 898,16		2 736 254,14	3 682 075,66	(936 660,74)	859 395,97	859 395,97	36 428 045,88
DBSA: @ 11.5%	11100	29/06/2011	50 000 000,00	31/03/2030	33 705 756,99		2 760 478,31	3 799 517,71	(966 385,61)	887 239,29	887 239,29	38 533 305,41
DBSA: @ 12.14%	11101	20/06/2013	51 000 000,00	31/03/2030	36 139 267,46		2 895 411,43	4 302 893,49	(1 093 821,76)	1 006 489,45	1 006 489,45	42 507 519,99
DBSA: @ 11.431%	19975	61007341	38 500 000,00	31/03/2036	34 126 388,09		1 073 859,88	3 871 527,44	(972 574,95)	941 970,80	941 970,80	31 956 969,74
DBSA: @ 10.824%	19976	61007374	21 500 000,00	31/03/2026	11 440 148,06		2 424 938,83	1 174 651,23	(308 722,27)	243 283,20	243 283,20	10 071 112,37
ABSA: @ 12.38%	20022	30/06/2023	110 000 000,00	30/06/2038		110 000 000,00						104 366 033,57

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2023
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2022									
	Opening balance as previously stated 30-06-2022	Prior period error	Restated opening balance 30-06-2022	Additions	Grat 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30-06-2023
LAND	229 870 137		229 870 137	1 143 072,00			(2 314 326)			228 698 883
BUILDINGS	341 043 101		341 043 101	2 878 608			170 471			344 092 180
INFRASTRUCTURE	3 184 856 182		3 184 856 182	222 653 314	2 423 246				(7 729 590)	3 402 203 151
HERITAGE ASSETS	36 631 059		36 631 059	-						36 631 059
OTHER ASSETS	157 139 965		157 139 965	26 793 623			-170 471	2 586 756	(1 451 001)	184 898 872
INTANGIBLE ASSETS	5 364 081		5 364 081							5 364 081
INVESTMENT PROPERTY	63 636 633	(350 000)	63 286 633	17 350 000		15 812 674	2 314 326		(2 607 033)	96 155 600
TOTAL	4 018 541 189	(350 000)	4 018 191 158	270 818 617	2 423 246	15 812 674	0	2 586 756	-11 787 625	4 298 044 826

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2023
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2021									
	Opening balance as previously stated 30-06-2021	Prior period error	Restated opening balance 30/6/2021	Additions	Grasp 12 Transfer	Fair value adjustment	Transfers	Restoration of Assets	Disposals	Closing Balance 30-06-2022
LAND	230 882 268		230 882 268						(1 012 130)	229 870 137
BUILDINGS	334 100 728		334 100 728	8 105 846			(109 550)		(1 053 922)	341 043 101
INFRASTRUCTURE	3 071 223 805		3 071 223 805	115 048 874	(1 416 497)					3 184 856 182
HERITAGE ASSETS	36 631 059		36 631 059							36 631 059
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	(350 000)	63 525 500			1 494 500			(1 733 367)	63 286 633
TOTAL	3 894 668 465	(17 111 069)	3 877 557 396	143 097 329	-1 416 497	1 494 500	0	1 554 723	-4 096 293	4 018 191 159

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2023
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2022										
	Opening balance as previously stated 30-06-2022	Prior period error	Restated opening balance 30-06-2022	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30-06-2023	Carrying Value 30-06-2023	
LAND	-		-							228 698 883	
BUILDINGS	196 619 071		196 619 071	6 866 106					203 485 177	140 607 003	
INFRASTRUCTURE	1 249 201 338		1 249 201 338	74 537 862		(7 729 590)			1 316 009 610	2 086 193 541	
HERITAGE ASSETS	-		-							36 631 059	
OTHER ASSETS	67 382 119		67 382 119	12 492 704		(1 349 941)	598 176		79 123 058	105 775 815	
INTANGIBLE ASSETS	1 350 348		1 350 348	76 415					1 426 763	3 937 318	
INVESTMENT PROPERTY	-		-							96 156 600	
TOTAL	1 514 552 875	0	1 514 552 875	93 973 087	0	-9 079 531	598 176	-	1 600 044 607	2 698 000 219	

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2023
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Accumulated Depreciation 2021										
	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	89 757 846	
INTANGIBLE ASSETS	1 273 934		1 273 934	76 414					1 350 348	4 013 733	
INVESTMENT PROPERTY	-		-						-	63 286 633	
TOTAL	1 436 911 807		1 426 785 086	88 210 913	0	-798 504	355 376	0	1 514 552 875	2 503 638 283	

BREED VALLEY MUNICIPALITY

APPENDIX C

STATISTICAL INFORMATION

(1)	General Statistics		2023	2022	2021
	(a) Population.	(b) Valuation.			
(2)	(a) Number of users	(i) Taxable	27 653	27 653	27 653
	(b) Units bought	(ii) Non Taxable	247 318 165,53	282 707 482,87	283 637 188
	(c) Units sold	Improvements	232 221 706,30	261 714 667,80	263 626 881
	(d) Units lost in distribution	Land	15 096 459,23	20 992 815,07	20 010 307
(3)	(e) Percentage of units lost in distribution		6,10%	7,43%	7,05%
	(f) Cost per unit bought		1,825060	4,091803	1,4349653
	(g) Loss in distribution		27 551 948	85 898 464	28 714 096
	(h) Cost per unit sold		1,943705282	4,420017	1,5438847
(4)	(i) Income per unit sold		2,043876	1,882817	1,637952
	(a) Number of users		27 864	27 864	27 864
	(b) Units supplied		14 119 937,00	14 168 718,00	14 206 458
	(c) Units sold		12 102 246,00	11 741 327,00	10 757 799
(5)	(d) Units lost in distribution		2 017 691,00	2 427 391,00	3 448 659
	(e) Percentage of units lost in distribution		14,29%	17,13%	24,28%
	(f) Cost per unit supplied		4,400398269	5,386905	5,287168
	(g) Loss in distribution		8 878 644	13 073 697	18 233 640
(6)	(h) Cost per unit sold		5,134034322	6,499382	6,982091
	(i) Income per unit sold		8,738982409	8,872539	8,744515
	(a) Area in km ²		3 833	3 833	3 833
	(b) Previous election		70 002	70 002	70 002
(7)	(c) % poll				
	(d) Building survey:				
	(e) Building plans				
	(f) Number passed		550	690	620
(8)	(g) Value passed (R '000)		589 780 300	632 151 000	411 805 000
	(h) Inspections performed		4504	4284	4 464
	(i) Housing		2 498	1 760	2 688
	(j) Number of dwelling units		2 451	5 280	630
(9)	(k) Number of people acc		20 123	19 000	20 207
	(l) Number of people on waiting list				
	(m) Fire service stations				
	(n) Sundry Statistics				

BREDE VALLEY MUNICIPALITY															
Annual Financial Statements for the year ended 30 June 2023															
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED															
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 1 July 2022	Quarterly Receipts			Quarterly Expenses			Balance 30 June 2023	Grants and subsidies delayed / withheld				Reason for delay / withholding of funds	Reason for Non-Compliance
			Sept 2022	Dec 2022	March 2023	June 2023	Sept 2022	Dec 2022	March 2023	June 2023	Sept 22	Dec 22	March 23	June 23	
Provincial Government: Donated Assets	Donation	-	-	-	-	17 350 000	-	-	-	17 350 000	-	-	-	-	None
CWDM: Donated Assets	Donation	-	-	-	-	547 889	-	-	-	547 889	-	-	-	-	None
Private Enterprises: Donated Assets	Donation	-	-	-	-	18 700	-	-	-	18 700	-	-	-	-	None
		4 227 344	70 900 912	78 924 337	88 074 825	28 571 447	68 580 758	68 749 021	55 218 906	70 688 120	16 423 061				
SUMMARY		Balance 01/07/22	Sept 2022	Dec 2022	March 2023	June 2023	Sept 2022	Dec 2022	March 2023	June 2023	Balance 30/06/2023				
		4 227 344		273 561 521					261 365 805		16 423 061				
Register summary	Unutilised Balance - 01/07/2022	4 227 344	Recalculated 01/07/2022 - 30/06/2023	Other Income	Capital Donated	Written - off	Conditions met Income statement Operating	Conditions met Income statement Capital	Refunded	To Other Debtors	Balance 30/06/2023				
		-	254 003 102	-	17 916 089	-	(171 843 141)	(85 441 945)	(2 638 888)	-	16 423 061				
		4 227 344		271 910 791			(256 724 074)				16 423 061				

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

Description	2022/23						2021/22	
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (24 April 2023)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2022/2023)	Final Budget	Actual Outcome	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8
Revenue - Standard								9
<i>Governance and administration</i>	241 045	6 657	247 702	-	(700)	247 002	288 573	41 571
Executive and council	118	-	118	-	500	618	739	121
Finance and administration	240 927	6 657	247 584	-	(1 200)	246 384	287 834	41 451
Internal audit	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	281 225	19 049	300 274	-	(0)	300 274	171 044	(129 230)
Community and social services	12 459	160	12 619	-	-	12 619	13 290	671
Sport and recreation	9 249	-	9 249	-	-	9 249	3 818	(5 431)
Public safety	230 822	477	231 299	-	-	231 299	97 329	(133 969)
Housing	28 695	18 412	47 107	-	(0)	47 107	56 606	9 499
Health	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	16 395	(955)	15 440	-	-	15 440	22 225	6 784
Planning and development	2 226	-	2 226	-	-	2 226	2 515	289
Road transport	14 169	(955)	13 214	-	-	13 214	19 710	6 496
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	921 945	22 028	943 973	-	700	944 673	875 669	(69 004)
Energy sources	565 318	-	565 318	-	-	565 318	536 727	(28 591)
Water management	126 788	5 191	131 978	-	700	132 678	131 118	(1 561)
Waste water management	160 679	16 838	177 516	-	-	177 516	138 551	(38 965)
Waste management	69 161	-	69 161	-	-	69 161	69 274	113
Other	-	13	13	-	-	13	13	0
Total Revenue - Standard	1 460 611	46 792	1 507 403	-	-	1 507 403	1 357 524	(149 879)
Expenditure - Standard								
<i>Governance and administration</i>	258 889	26 956	285 844	-	18	285 863	251 376	(34 487)
Executive and council	35 936	6 868	42 804	-	(6 591)	36 213	36 066	(147)
Finance and administration	218 570	20 386	238 956	-	6 809	245 765	211 553	(34 212)
Internal audit	4 382	(298)	4 084	-	(200)	3 884	3 757	(127)
<i>Community and public safety</i>	314 183	8 727	322 920	-	(3 712)	319 208	227 983	(91 226)
Community and social services	31 659	737	32 396	-	8 427	40 823	37 891	(2 932)
Sport and recreation	27 733	461	28 194	-	6 288	34 482	34 170	(312)
Public safety	226 116	5 870	231 986	-	(14 797)	217 189	136 460	(80 729)
Housing	28 595	1 658	30 253	-	(3 630)	26 624	19 378	(7 245)
Health	91	-	91	-	-	91	83	(8)
<i>Economic and environmental services</i>	85 887	(985)	84 902	-	(3 420)	81 482	79 558	(1 925)
Planning and development	20 016	(98)	19 918	-	7	19 926	19 218	(707)
Road transport	65 482	(849)	64 632	-	(3 857)	60 775	59 889	(886)
Environmental protection	389	(37)	352	-	430	782	450	(331)
<i>Trading services</i>	695 887	8 536	704 423	-	5 221	709 644	677 283	(32 362)
Energy sources	506 388	1 520	507 908	-	7 989	515 898	489 712	(26 186)
Water management	70 157	(962)	69 195	-	(16 244)	52 950	49 351	(3 599)
Waste water management	73 986	5 411	79 397	-	3 731	83 128	81 255	(1 873)
Waste management	45 356	2 568	47 924	-	9 745	57 669	56 965	(704)
Other	895	(123)	772	-	(50)	722	412	(310)
Total Expenditure - Standard	1 355 751	43 110	1 398 862	-	(1 942)	1 396 920	1 236 610	(160 309)
Surplus/(Deficit) for the year	104 860	3 681	108 541	-	1 942	110 483	120 914	10 431
65 986								

Appendix F A3

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

Description	2022/23								2021/22
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (24 April 2023)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2022/2023)	Final Budget	Actual Outcome	Variance	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9
Revenue by Vote									
Vote 1 - Council General	118	-	118	-	-	118	739	621	510
Vote 2 - Municipal Manager	500	-	500	-	-	500	500	-	500
Vote 3 - Strategic Support Services	1 244	13	1 257	-	-	1 257	1 024	(233)	1 276
Vote 4 - Financial Services	236 559	8 024	244 584	-	(700)	243 884	280 419	36 535	231 224
Vote 5 - Community Services	294 602	18 293	312 895	-	(0)	312 895	184 098	(128 797)	79 632
Vote 6 - Technical Services	-	-	-	-	-	-	-	-	-
Vote 7 - Engineering Services	565 252	0	565 252	-	-	565 252	506 514	(58 739)	523 655
Vote 8 - Public Services	362 335	20 461	382 796	-	700	383 496	384 231	735	351 208
Total Revenue by Vote	1 460 611	46 792	1 507 403	-	-	1 507 403	1 357 524	(149 879)	1 188 003
Expenditure by Vote to be appropriated									
Vote 1 - Council General	28 540	6 816	35 357	-	806	36 162	36 061	(101)	34 874
Vote 2 - Municipal Manager	14 278	(448)	13 830	-	(200)	13 630	13 225	(405)	8 847
Vote 3 - Strategic Support Services	70 780	10 803	81 583	-	10 756	92 339	87 601	(4 738)	70 851
Vote 4 - Financial Services	128 388	13 357	141 744	-	(1 934)	139 810	111 927	(27 884)	100 801
Vote 5 - Community Services	320 204	9 702	329 907	-	(21 209)	308 697	220 679	(88 018)	155 923
Vote 6 - Technical Services	-	-	-	-	-	-	-	-	-
Vote 7 - Engineering Services	518 086	(608)	517 479	-	(20 370)	497 108	465 925	(31 184)	465 756
Vote 8 - Public Services	275 475	3 488	278 963	-	30 210	309 172	301 192	(7 980)	284 964
Total Expenditure by Vote	1 355 751	43 110	1 398 862	-	(1 942)	1 396 920	1 236 610	(160 309)	1 122 017
Surplus/(Deficit) for the year	104 860	3 681	108 541	-	1 942	110 483	120 914	40 431	65 986

Appendix G A5

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

Description	2022/23								2021/22	
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (24 April 2023)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2022/2023)	Final Budget	Actual Outcome	Variance	Restated Audited Outcome	
R thousands	1	2	3	4	5	6	7	8	9	
Capital expenditure - Vote										
Multi-year expenditure										
Vote 1 - Council General	5	35	40	-	-	40	35	(5)	20	
Vote 2 - Municipal Manager	5	200	205	-	(205)	0	-	(0)	1 859	
Vote 3 - Strategic Support Services	15 575	(988)	14 587	-	5 065	19 652	16 990	(2 662)	3 147	
Vote 4 - Financial Services	-	-	-	-	-	-	-	-	-	
Vote 5 - Community Services	5	9	14	-	-	14	10	(4)	15 771	
Vote 6 - Technical Services	-	-	-	-	-	-	-	-	-	
Vote 7 - Engineering Services	58 400	(26 275)	32 125	-	18 265	50 390	26 708	(23 682)	36 392	
Vote 8 - Public Services	178 476	22 698	201 175	-	23 020	224 194	142 677	(81 517)	42 781	
Capital multi-year expenditure	252 466	(4 321)	248 146	-	46 145	294 291	186 421	(107 870)	99 969	
Single-year expenditure										
Vote 1 - Council General	-	-	-	-	-	-	-	-	-	
Vote 2 - Municipal Manager	30	-	30	-	-	30	19	(11)	-	
Vote 3 - Strategic Support Services	16 940	(7 000)	9 940	-	(4 850)	5 090	4 655	(435)	400	
Vote 4 - Financial Services	1 975	1 093	3 068	-	370	3 438	1 568	(1 870)	1 667	
Vote 5 - Community Services	5 379	15 193	20 572	-	291	20 863	20 084	(779)	2 411	
Vote 6 - Technical Services	-	-	-	-	-	-	-	-	-	
Vote 7 - Engineering Services	3 330	34 626	37 956	-	(19 264)	18 692	17 433	(1 259)	6 847	
Vote 8 - Public Services	38 430	51 104	89 533	-	(22 112)	67 422	40 638	(26 783)	31 803	
Capital single-year expenditure	66 083	95 017	161 100	-	(45 565)	115 535	84 397	(31 138)	43 128	
Total Capital Expenditure - Vote	318 550	90 696	409 246	-	580	409 826	270 819	(139 007)	143 097	
Capital Expenditure - Standard										
Governance and administration	32 645	(7 651)	24 994	-	(3 184)	21 810	19 083	(2 727)	5 399	
Executive and council	10	235	245	-	(205)	40	35	(5)	62	
Budget and treasury office	32 635	(7 886)	24 749	-	(2 979)	21 770	19 048	(2 722)	5 338	
Corporate services	-	-	-	-	-	-	-	-	-	
Community and public safety	9 291	16 714	26 005	-	666	26 671	23 194	(3 477)	17 363	
Community and social services	4 832	1 086	5 918	-	188	6 106	3 597	(2 509)	481	
Sport and recreation	3 820	(2 770)	1 050	-	675	1 725	973	(752)	16 451	
Public safety	639	1 049	1 688	-	(197)	1 491	1 274	(217)	432	
Housing	-	17 350	17 350	-	-	17 350	17 350	-	-	

Appendix G A5

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

Description	2022/23							2021/22
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (24 April 2023)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2022/2023)	Final Budget	Actual Outcome	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8
Health	—	—	—	—	—	—	—	9
Economic and environmental services	56 246	7 719	63 965	—	(6 633)	57 332	49 489	(7 843)
Planning and development	1 820	(200)	1 620	—	—	1 620	1 357	(263)
Road transport	54 426	7 919	62 345	—	(6 633)	55 712	48 133	(7 579)
Environmental protection	—	—	—	—	—	—	—	—
Trading services	220 368	73 915	294 282	—	9 731	304 013	179 052	(124 961)
Electricity	66 230	8 998	75 228	—	(85)	75 143	48 544	(26 599)
Water	94 688	(27 195)	67 492	—	3 219	70 711	38 497	(32 214)
Waste water management	58 250	92 040	150 290	—	6 585	156 875	91 252	(65 623)
Waste management	1 200	72	1 272	—	12	1 284	760	(524)
Other	—	—	—	—	—	—	—	—
Total Capital Expenditure - Standard	318 550	90 696	409 246	—	580	409 826	270 819	(139 007)
Funded by:								
National Government	69 094	10 310	79 404	—	—	79 404	65 458	(13 946)
Provincial Government	1 044	18 375	19 419	—	—	19 419	19 418	(1)
District Municipality	—	549	549	—	—	549	548	(1)
Other transfers and grants	—	19	19	—	—	19	19	—
Transfers recognised - capital	70 138	28 252	99 390	—	—	99 390	85 442	(13 949)
Public contributions & donations	—	—	—	—	—	—	—	—
Borrowing	146 238	34 090	180 328	—	—	180 328	104 458	(75 870)
Internally generated funds	102 174	27 354	129 528	—	580	130 108	80 918	(49 189)
Total Capital Funding	318 550	90 696	409 246	—	580	409 826	270 819	(139 007)

Appendix H Budget Cash Flow

WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows

Description	2022/23								2021/22
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (24 April 2023)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2022/2023)	Final Budget	Actual Outcome	Variance	
R thousands	1	2	3	4	5	6	7	8	9
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and other	935 069	6 119	941 187	-	-	941 187	890 984	(50 204)	873 517
Government - operating	171 058	3 155	174 213	-	-	174 213	165 922	(8 291)	151 359
Government - capital	70 138	11 260	81 398	-	-	81 398	85 442	4 044	57 360
Interest	20 656	5 796	26 452	-	-	26 452	26 964	512	17 288
Dividends	-	-	-	-	-	-	-	-	-
Payments									
Suppliers and employees	(1 011 634)	(39 984)	(1 051 618)	-	-	(1 051 618)	(1 031 105)	20 513	(936 333)
Finance charges	(35 817)	-	(35 817)	-	-	(35 817)	(19 841)	15 975	(21 336)
Transfers and Grants	(6 872)	(3 127)	(9 999)	-	-	(9 999)	(3 419)	6 579	(3 582)
NET CASH FROM/(USED) OPERATING ACTIVITIES	142 598	(16 781)	125 818	-	-	125 818	114 947	(10 871)	138 273
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	2 085	2 085	1 213
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables	50	-	50	-	-	50	(4 482)	(4 532)	(892)
Decrease (Increase) in non-current investments	-	-	-	-	-	-	81 794	81 794	11 414
Payments									
Capital assets	(318 550)	(90 696)	(409 246)	-	-	(409 246)	(230 245)	179 001	(137 447)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(318 500)	(90 696)	(409 196)	-	-	(409 196)	(150 848)	258 348	(125 711)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	146 238	34 090	180 328	-	-	180 328	110 000	(70 328)	-
Increase (decrease) in consumer deposits	100	-	100	-	-	100	101	1	220
Payments									
Repayment of borrowing	(18 665)	-	(18 685)	-	-	(18 685)	(14 536)	4 149	(13 041)
NET CASH FROM/(USED) FINANCING ACTIVITIES	127 653	34 090	161 743	-	-	161 743	95 565	(66 178)	(12 820)
NET INCREASE/ (DECREASE) IN CASH HELD									
Cash/cash equivalents at the year begin:	(48 248)	(73 387)	(121 635)	-	-	(121 635)	59 664	181 299	(258)
Cash/cash equivalents at the year end:	150 013	29 076	179 089	-	-	179 089	89 089	(90 000)	89 348
Cash/cash equivalents at the year end:	101 765	(44 311)	57 454	-	-	57 454	148 753	91 299	89 089

BREDE VALLEY MUNICIPALITY													
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023													
APPENDIX I: INVESTMENTS													
Date Invested	Institution	ID	Account Number	Confirmation Received	Rate	Period	Amount	Maturity Date	Withdrawn	Date Received	Receipt Number	Expected Interest	Interest Received
												0,00	
25/Nov/21	NEDBANK	437	03/7881531576/308	YES	5,40%	242	5 000 000	25/Jul/22	5 000 000	25/Jul/22	2000345369	179 013,70	179 013,70
27/Jan/22	STANDARD	441	288460898-084	YES	5,400%	182	5 000 000	28/Jul/22	5 000 000	28/Jul/22	4000452568	134 630,14	134 630,14
												0,00	
													313 643,84
												0,00	
25/Nov/21	STANDARD	438	288460898-083	YES	5,575%	272	5 000 000	24/Aug/22	5 000 000	24/Aug/22	5000437721	207 726,03	207 726,03
27/Jan/22	STANDARD	442	288460898-085	YES	5,600%	214	5 000 000	29/Aug/22	5 000 000	29/Aug/22	5000437791	164 164,38	164 164,38
29/Mar/22	FNB	448	74942029064	YES	5,40%	153	5 000 000	29/Aug/22	5 000 000	29/Aug/22	5000437792	113 178,08	113 178,08
												0,00	
													485 068,49
												0,00	
24/Feb/22	STANDARD	444	288460898-087	YES	5,850%	214	5 000 000	26/Sep/22	5 000 000	26/Sep/22	5000438785	171 493,15	171 493,15
24/Feb/22	NEDBANK	445	03/7881531576/310	YES	5,90%	214	5 000 000	26/Sep/22	5 000 000	26/Sep/22	5000438784	172 958,90	172 958,90
29/Mar/22	ABSA	449	2080331271	YES	5,82%	181	10 000 000	26/Sep/22	10 000 000	26/Sep/22	5000438786	288 608,22	288 608,22
27/Jan/22	NEDBANK	443	03/7881531576/309	YES	5,80%	243	5 000 000	27/Sep/22	5 000 000	27/Sep/22	4000454275	193 068,49	193 068,49
24/Feb/22	ABSA	446	2080268458	YES	5,66%	215	5 000 000	27/Sep/22	5 000 000	27/Sep/22	4000454274	166 698,63	166 698,63
29/Mar/22	NEDBANK	450	03/7881531576/312	YES	6,05%	184	10 000 000	29/Sep/22	10 000 000	29/Sep/22	5000438920	304 986,30	304 986,30
												0,00	
													1 297 813,69
												0,00	
24/Feb/22	NEDBANK	447	03/7881531576/311	YES	6,05%	242	5 000 000	24/Oct/22	5 000 000	24/Oct/22	5000439591	200 561,64	200 561,64
29/Mar/22	NEDBANK	451	03/7881531576/313	YES	6,25%	216	5 000 000	31/Oct/22	5 000 000	31/Oct/22	5000439780	184 931,51	184 931,51
29/Mar/22	STANDARD	452	288460898-088	YES	6,150%	216	5 000 000	31/Oct/22	5 000 000	31/Oct/22	5000439781	181 972,60	181 972,60
												0,00	
													567 465,75
												0,00	
24/Aug/22	ABSA	455	2080612780	YES	6,47%	90	5 000 000	22/Nov/22	5 000 000	22/Nov/22	5000440838	79 767,12	79 767,12
29/Mar/22	STANDARD	453	288460898-089	YES	6,350%	245	5 000 000	29/Nov/22	5 000 000	29/Nov/22	2000350187	213 116,44	213 116,44
												0,00	
													292 883,56
												0,00	
24/Aug/22	NEDBANK	456	03/7881531576/315	YES	6,80%	125	5 000 000	27/Dec/22	5 000 000	22/Dec/22	2000351129	116 438,36	116 438,36
24/Aug/22	NEDBANK	456	03/7881531576/315	YES	6,80%	1		28/Dec/22		3/Jan/23	5000441715	931,50	931,50
29/Mar/22	NEDBANK	454	03/7881531576/314	YES	6,60%	275	5 000 000	29/Dec/22	5 000 000	22/Dec/22	2000351128	248 630,14	248 630,14
												0,00	
													366 000,00
												0,00	
14/Dec/22	STANDARD	467	288460898-095	YES	8,025%	33	5 000 000	16/Jan/23	5 000 000	16/Jan/23	4000458489	36 277,40	36 277,40
24/Aug/22	ABSA	457	2080612887	YES	6,97%	152	5 000 000	23/Jan/23	5 000 000	23/Jan/23	4000458596	145 128,77	145 128,77
24/Aug/22	STANDARD	458	288460898-090	YES	6,950%	153	5 000 000	24/Jan/23	5 000 000	24/Jan/23	4000458609	145 664,38	145 664,38
												0,00	
													327 070,55
												0,00	
14/Dec/22	NEDBANK	468	03/7881531576/318	YES	7,78%	62	5 000 000	14/Feb/23	5 000 000	14/Feb/23	4000459559	66 076,71	66 076,71
14/Dec/22	FNB	469	76201870188	YES	7,73%	61	5 000 000	14/Feb/23	5 000 000	14/Feb/23	4000459557	64 593,15	64 593,15
						1				14/Feb/23	4000459569	1 058,90	1 059,12
24/Aug/22	NEDBANK	459	03/7881531576/316	YES	7,30%	184	5 000 000	24/Feb/23	5 000 000	24/Feb/23	5000443225	184 000,00	184 000,00
24/Aug/22	STANDARD	460	288460898-091	YES	7,250%	184	5 000 000	24/Feb/23	5 000 000	24/Feb/23	5000443206	182 739,73	182 739,73
												0,00	
													498 468,71
												0,00	
14/Dec/22	ABSA	470	2080807927	YES	7,93%	90	5 000 000	14/Mar/23	5 000 000	14/Mar/23	4000460618	97 767,12	97 767,12
14/Dec/22	STANDARD	471	288460898-096	YES	8,300%	90	5 000 000	14/Mar/23	5 000 000	14/Mar/23	4000460619	102 328,77	102 328,77
14/Dec/22	NEDBANK	472	03/7881531576/319	YES	7,88%	91	5 000 000	15/Mar/23	5 000 000	15/Mar/23	4000460673	98 230,14	98 230,14
22/Nov/22	STANDARD	465	288460898-094	YES	7,650%	120	5 000 000	22/Mar/23	5 000 000	22/Mar/23	5000443991	125 753,42	125 753,42
24/Aug/22	NEDBANK	461	03/7881531576/317	YES	7,50%	212	5 000 000	24/Mar/23	5 000 000	24/Mar/23	5000444019	217 808,22	217 808,22
24/Aug/22	STANDARD	462	288460898-092	YES	7,450%	212	5 000 000	24/Mar/23	5 000 000	24/Mar/23	5000444018	216 356,16	216 356,16
27/Sep/22	ABSA	463	2080668943	YES	7,96%	181	5 000 000	27/Mar/23	5 000 000	27/Mar/23	5000444099	197 364,38	197 364,38
27/Sep/22	STANDARD	464	288460898-093	YES	7,900%	181	5 000 000	27/Mar/23	5 000 000	27/Mar/23	5000444062	195 876,71	195 876,71
												0,00	
													1 251 484,92
												0,00	
22/Nov/22	ABSA	466	2080770932	YES	7,92%	153	5 000 000	24/Apr/23	5 000 000	24/Apr/23	5000445036	165 994,52	165 994,52
23/Mar/23	STANDARD	473	288460898-097	YES	8,175%	33	5 000 000	25/Apr/23	5 000 000	25/Apr/23	5000445037	36 955,48	36 955,48
												0,00	
													202 950,00
												0,00	
23/Mar/23	ABSA	474	2080984438	YES	7,97%	60	5 000 000	22/May/23	5 000 000	22/May/23	5000445810	65 506,85	65 506,85
23/Mar/23	NEDBANK	475	03/7881531576/320	YES	7,83%	61	5 000 000	23/May/23	5 000 000	23/May/23	5000445892	65 428,77	65 428,77
												0,00	
													130 935,62
												0,00	
23/Mar/23	ABSA	476	2080984250	YES	8,39%	90	5 000 000	21/Jun/23	5 000 000	21/Jun/23	5000446694	103 438,36	103 438,36
23/Mar/23	NEDBANK	477	03/7881531576/321	YES	8,27%	91	5 000 000	22/Jun/23	5 000 000	26/Jun/23	5000446706	103 091,78	103 091,78

BREED VALLEY MUNICIPALITY[illegible]

BREDE VALLEY MUNICIPALITY						
Annual Financial Statements for the year ended 30 June 2023						
Appendix J: DEVIATIONS FOR THE 2022/2023 FINANCIAL YEAR						
No	Deviation registered (reference Generated)	Directorate	Department	Reason for Deviation (category)	Short Summary of Deviation	Approved Value
1	BVD 537	STRATEGIC SUPPORT SERVICES	ICT	EXCEPTIONAL CASE	RENTAL OF MULTIFUNCTION MACHINES	480 000,00
2	BVD 538	STRATEGIC SUPPORT SERVICES	ICT	EXCEPTIONAL CASE	IMPLEMENTATION AND COMMISSIONING OF THE NETWORK CONNECTIVITY UPGRADES WITHIN BVMM	140 359,80
3	BVD 539	COMMUNITY SERVICES	TRAFFIC	EXCEPTIONAL CASE	PROVISIONING OF SECURITY SERVICES TO SITES AND BUILDINGS	1 000 000,00
4	BVD 540	STRATEGIC SUPPORT SERVICES	ICT	EXCEPTIONAL CASE	PROVISION AND MAINTENANCE OF INTERNET AND RELATED SERVICES	155 726,10
5	BVD 541	PUBLIC SERVICES	ROADS AND STORMWATER	EMERGENCY	CONSULTANT SERVICES CIBMISSION OF ANNUAL IMPROVEMENT PLAN	229 471,00
6	BVD 542	STRATEGIC SUPPORT SERVICES	HUMAN RESOURCES	EXCEPTIONAL CASE	PROVISION OF HR SYSTEM SAGE	750 000,00
7	BVD 543	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIR TO PRELOADS RESERVOIR TO ENSURE THE SUPPLY OF DRINKING WATER TO WORCESTER	1 057 512,40
8	BVD 544	OFFICE OF THE MM	PROJECT MANAGEMENT	EXCEPTIONAL CASE	PROFESSIONAL MECHANICAL CONSULTANT SERVICES	283 185,99
9	BVD 545	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS AVIAN PARK PUMP STATION	410 088,85
10	BVD 546	OFFICE OF THE MM	INTERGRATED RISK MANAGEMENT	EXCEPTIONAL CASE	IRMSA CONFERENCE 12-14 SEPTEMBER 2022 FOR INTERNAL AUDITORS	7 500,00
11	BVD 547	OFFICE OF THE MM	INTERGRATED RISK MANAGEMENT	EXCEPTIONAL CASE	IRMSA ANNUAL CONFERENCE 27/28 SEPTEMBER 2022 FOR INTERNAL AUDITORS	4 028,00
12	BVD 548	OFFICE OF THE MM	INTERNAL AUDIT	EXCEPTIONAL CASE	ANNUAL MEMBERSHIP FEES FOR INTERNAL AUDITORS	3 420,00
13	BVD 549	ENGINEERING SERVICES	ENGINEERING SERVICES	EXCEPTIONAL CASE	REGISTRATION FEES FOR IMESA CONFERENCE	7 500,00
14	BVD 550	STRATEGIC SUPPORT SERVICES	HUMAN RESOURCES	EXCEPTIONAL CASE	ADVERTS FOR VACANT POSTS WITHIN BVM IN THE DIFFERENT MEDIA	160 000,00
15	BVD 551	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	NEWSPAPER SUBSCRIPTION	3 837,31
16	BVD 552	FINANCIAL SERVICES	FINANCIAL PLANNING	EXCEPTIONAL CASE	ADVERTS FOR FINANCIAL ISSUES WITHIN BVM IN THE DIFFERENT MEDIA	50 860,04
17	BVD 553	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	INSTALL OF WATERMETERS AT TRANS HEX WORCESTER HOUSING.	210 240,00
18	BVD 554	STRATEGIC SUPPORT SERVICES	LED	EXCEPTIONAL CASE	NEWSPAPER ADVERTS TO INFORM THE COMMUNITY OF PUBLIC FUNDING AVAILABLE IN THE ORGANIZATION	40 000,00
19	BVD 555	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS OF DE DOORNS WWTW. URGENT REPAIRS ARE NEEDED SO THAT THE ULTRAFILTRATION PLANT CAN SUPPLEMENT THE DE DOORNS DRINKING WATER.	2 526 240,54

BREDE VALLEY MUNICIPALITY							
Annual Financial Statements for the year ended 30 June 2023							
Appendix J: DEVIATIONS FOR THE 2022/2023 FINANCIAL YEAR							
No	Deviation registered (reference Generated)	Directorate	Department	Reason for Deviation (category)	Short Summary of Deviation	Approved Value	Service Provider/ Contractor/ Supplier
20	BVD 556	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS/ SAVEGUARDING SANTA WEIDA PUMPS AFTER VANDALISM. REPAIR ELECTRICAL PANEL AND PUMPS	473 607,77	ZANI MANZI
21	BVD 557	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS/ SAVEGUARDING SANTA WEIDA PUMPS AFTER VANDALISM. SAFEGUARDING PUMPSTATION BY SULLYING AND INSTALLING SAFETY GATES	35 400,00	CJ NASSON
22	BVD 558	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EXCAVATION OF CANAL TO PREVENT PROPERTY DAMAGE	46 000,00	WINTERBACH BROERS
23	BVD 559	STRATEGIC SUPPORT SERVICES	ITC	EXCEPTIONAL CASE	RENEWAL OF GUARDIAN MANAGER CONTROL	72 000,00	MEYCOM
24	BVD 560	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	SOLE SUPPLIER	REPLACEMENT OF STOLEN AND BROKEN MANHOLE COVERS	41 642,88	SMARTLOCK
25	BVD 561	STRATEGIC SUPPORT SERVICES	HUMAN RESOURCES	EXCEPTIONAL CASE	REHABILITATION ON SUBSTANCE ABUSE TO AN EMPLOYEE	28 520,00	TOEVLUK
26	BVD 563	ENGINEERING SERVICES	ENGINEERING SERVICES	EMERGENCY	EMERGENCY REPAIRS AT MERINDOL SUBSTATION	23 073,00	DE KOOK & CRONJE
27	BVD 564	COMMUNITY SERVICES	HUMAN RESOURCES	EXCEPTIONAL CASE	CERTIFICATES FOR LIFESAVERS FOR SEASONAL PERIOD	122 335,00	LIFESAVERS SA
28	BVD 565	PUBLIC SERVICES	GIS	EXCEPTIONAL CASE	IMQS SOFTWARE ANNUAL LICENSE AND SOFTWARE MAINTENANCE 2 YEAR PERIOD	156 411,37	IMQS SOFTWARE
29	BVD 566	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS ON COLLAPSED PIPELINE AT SANTA WEIDA PUMPSTATION	45 646,45	ERA LIGHTNING
30	BVD 567	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	LIASA MEMBERSHIP FOR PERSONAL ASSOCIATION FOR LIBRARY SERVICES	3 425,00	LIASA
31	BVD 568	COMMUNITY SERVICES	TRAFFIC, LAW ENFORCEMENT AND SECURITY SERVICES	SOLE SUPPLIER	LEARNERS LICENCE MATERIAL FOR DRIVING LICENCE TESTING CENTRE	8 575,86	MINDMUZIK MEDIA
32	BVD 569	STRATEGIC SUPPORT SERVICES	LEGAL SERVICES	EXCEPTIONAL CASE	PAYMENT FOR LEGAL MATTER	37 087,50	WEBBER WENTZEL ATTORNEYS
33	BVD 570	STRATEGIC SUPPORT SERVICES	LEGAL SERVICES	EXCEPTIONAL CASE	PAYMENT FOR LEGAL MATTER	10 732,95	ELTON SHORTLES
34	BVD 571	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY REPAIRS OF LEIOWATER- SPECIAL FITTING OF DAM PIPE	5 500,00	BRANDWACHT BESPROEIJING
35	BVD 572	STRATEGIC SUPPORT SERVICES	IDP	EXCEPTIONAL CASE	ADVERTISEMENTS IN LOCAL NEWSPAPER	25 000,00	MEDIA 24
36	BVD 573	PUBLIC SERVICES	ROADS AND STORMWATER	EMERGENCY	EMERGENCY REPAIRS TO ROAD PAVEMENT- DE DOORNS	140 607,05	EYETHU
37	BVD 574	PUBLIC SERVICES	ROADS AND STORMWATER	EMERGENCY	EMERGENCY SERVICES - CLEANING OF VARIOUS LOCATIONS BY MEANS OF MECHANICAL PLANT	119 370,00	EYETHU
38	BVD 575	STRATEGIC SUPPORT SERVICES	ITC	EXCEPTIONAL CASE	RENEWAL OF SOPHOS LICENCE (ANTI-VIRUS SYSTEM)	223 906,15	INFINETIXCONNECT
39	BVD 576	STRATEGIC SUPPORT SERVICES	HUMAN RESOURCES	EXCEPTIONAL CASE	PROVISION OF HR SYSTEM SAGE (REINSTATEMENT OF E-RECRUITMENT SYSTEM)	834 532,00	APPLICO
40	BVD 577	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	REPAIR AND SAFEGUARDING OF SANTA WEIDA PUMPSTATION	24 253,65	CAPITAL SECURITY BOLAND

BREDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Appendix J: DEVIATIONS FOR THE 2022/2023 FINANCIAL YEAR

No	Deviation registered (reference Generated)	Directorate	Department	Reason for Deviation (category)	Short Summary of Deviation	Approved Value	Service Provider/ Contractor/ Supplier
41	BVD 578	PUBLIC SERVICES	ROADS AND STORMWATER	EMERGENCY	EMERGENCY CONTRACTED SERVICES -REPAIR TO STORMWATER INFRASTRUCTURE- DE DOORNS	211 310,20	EYETHU
42	BVD 579	PUBLIC SERVICES	ROADS AND STORMWATER	EMERGENCY	EMERGENCY CONTRACTED SERVICES -REPAIR TO ROAD PAVEMENT AT BARLINKA STREET- DE DOORNS	9 881,95	EYETHU
43	BVD 580	ENGINEERING SERVICES	ENGINEERING SERVICES	EXCEPTIONAL CASE	LAND SURVEYOR SERVICES FOR REGISTRATION OF ERVEN AT JOHNSONS PARK	18 312,60	GL GEOMATICS
44	BVD 581	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY HIRE OF WATER TANKER FOR DE DOORNS AFTER HEAVY STORM	204 631,00	RAINBOW PLANTHIRE
45	BVD 582	OFFICE OF THE MM	INTERGRATED RISK MANAGEMENT	EXCEPTIONAL CASE	ANNUAL MEMBERSHIP TO THE INTERNAL INSTITUTE OF RISK MANAGEMENT	2 585,00	THE INSTITUTE OF RISK MANAGEMENT
46	BVD 583	ENGINEERING SERVICES	ENGINEERING SERVICES	EXCEPTIONAL CASE	ANNUAL FEES	4 937,37	SACPCMP
47	BVD 584	PUBLIC SERVICES	WATER SERVICES	EXCEPTIONAL CASE	IMPRACTICAL- REPAIR OF IAN DICKIE SELF PRIMING DIAPHRAGM SLUDGE PUMPS FOR WATE BURST PIPE REPAIRS	64 811,28	IAN DICKIE & CO.(PTY) LTD
48	BVD 585	ENGINEERING SERVICES	ELECTRICAL SERVICES	EMERGENCY	EMERGENCY REPAIRS OF COMMUNICATION MAST BATTERY BACK-UP	37 354,30	BREERIVIER KOMMUNIKASIE BK
49	BVD 586	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	EMERGENCY HIRE OF WATER TANKER FOR DE DOORNS WITH RAW WATER SUPPLY RESTRICTIONS	179 612,75	RAINBOW PLANTHIRE
50	BVD 587	PUBLIC SERVICES	WATER SERVICES	EMERGENCY	EMERGENCY REPAIRS AND SAFEGUARD OF BOREHOLES FOR DEDOORNS WITH RAW WATER SUPPLY RESTRICTIONS	46 394,22	WM SPILHAUSE
51	BVD 588	PUBLIC SERVICES	ROADS AND STORMWATER	EMERGENCY	EMERGENCY- CONTRACTED SERVICES: REPAIRS TO STORMWATER INFRASTRUCTURE ON ERF 311, DE DOORNS	286 036,05	EYETHU ALPHA
52	BVD 589	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY CLEANING OF DE WET CANAL SUPPLYING DRINKING WATER TO FARMS AND SMALL HOLDINGS	58 500,00	LEE-HANDRO ENTERPRISES/ CLC CONSTRUCTION
53	BVD 590	COMMUNITY SERVICES	TRAFFIC SERVICES	EXCEPTIONAL CASE	PROVISIONING OF SECURITY SERVICES TO SITES AND BUILDINGS	3 488 919,11	CAPITAL SECURITY BOLAND
54	BVD 591	COMMUNITY SERVICES	TRAFFIC SERVICES	EXCEPTIONAL CASE	PROVISIONING OF SECURITY SERVICES TO SITES AND BUILDINGS	2 611 524,00	FIDELITY
55	BVD 592	FINANCIAL SERVICES	FINANCIAL PLANNING	EXCEPTIONAL CASE	PROCUREMENT OF CASEWARE LICENSES TO COMPILE ANNUAL FINANCIAL STATEMENT OF MUNICIPALITY	195 163,02	ADAPT IT
56	BVD 593	PUBLIC SERVICES	WATER AND WASTEWATER TREATMENT	EMERGENCY	EMERGENCY HIRE OF WATER TANKER FOR DE DOORNS WITH RAW WATER SUPPLY RESTRICTIONS	357 190,00	RAINBOW PLANTHIRE
57	BVD 594	PUBLIC SERVICES	ROADS AND STORMWATER	EMERGENCY	FLOOD DAMAGE REPAIR OF STORMWATER INFRASTRUCTURE, KRIGE STREET WORCESTER	273 252,78	EYETHU ALPHA
58	BVD 595	PUBLIC SERVICES	SOLID WASTE	EMERGENCY	RENTAL OF REFUSE COMPACTORS	605 475,00	TRANSTECH
59	BVD 596	COMMUNITY SERVICES	LIBRARY	EXCEPTIONAL CASE	NEWSPAPER SUBSCRIPTION	17 127,52	MEDIA 24
60	BVD 597	STRATEGIC SUPPORT SERVICES	ICT	EXCEPTIONAL CASE	RENEWAL OF RED HAT LINUX OPERATING SYSTEM LICENCE	143 985,63	DATATEGRA

BREDE VALLEY MUNICIPALITY						
Annual Financial Statements for the year ended 30 June 2023						
Appendix J: DEVIATIONS FOR THE 2022/2023 FINANCIAL YEAR						
No	Deviation registered (reference Generated)	Department	Reason for Deviation (category)	Short Summary of Deviation	Approved Value	Service Provider/ Contractor/ Supplier
61	BVD 598	PUBLIC SERVICES	EMERGENCY	EMERGENCY PROCUREMENT OF CHLORINE CHIPS FOR CHLORINATE DRINKING WATER BECAUSE OF LOADSHEDDING	394 238,77	POWERCOMM SOLUTIONS
62	BVD 599	MUNICIPAL MANAGER	EXCEPTIONAL CASE	RENEWAL OF MEMBERSHIP FEES	11 833,50	THE INSTITUTE OF INTERNAL AUDITORS
63	BVD 600	PUBLIC SERVICES	SOLE SUPPLIER	SUPPLY AND DELIVERY COLIURET REAGENTS AND TEST LIST FOR MICROBIAL DRINKING WATER QUALITY COMPLIANCE	141 264,30	IDEXX LABORATORIES
64	BVD 601	STRATEGIC SUPPORT SERVICES	SOLE SUPPLIER	RENEWAL OF MICROSOFT ENTERPRISE AGREEMENT	21 000 000,00	MICROSOFT
65	BVD 602	ENGINEERING SERVICES	EMERGENCY	EMERGENCY REPAIRS AT PELLETS SUBSTATION ON MINIATURE SUBSTATION	20 432,05	DE KOCK & CRONJE
66	BVD 603	PUBLIC SERVICES	EMERGENCY	EMERGENCY HIRING OF WATER TANKER	337 088,00	RAINBOW PLANTHIRE
67	BVD 604	COMMUNITY SERVICES	EXCEPTIONAL CASE	ADDITIONAL WORK PERFORMED DURING CONSTRUCTION WHICH WAS NOT FORSEEN AT THE TIME OF SITE INSPECTION AND INVITATION OF FORMAL QUOTATIONS- REFER TO ORDER 2994- UPGRADING OF A RAMP	45 000,00	SCHIBA TRADING
68	BVD 605	PUBLIC SERVICES	EMERGENCY	EMERGENCY REPAIRS TO WATER SUPPLY PIPELINE IN ZWELLETENBA	2 961,25	WM SPILHAUSE
69	BVD 606	PUBLIC SERVICES	EMERGENCY	EMERGENCY ALTERNATIVE FOR TRANSFER PUMPSTATION M.S.S FOR WORCESTER WWTW	1 730 928,76	GW TRAUTMAN
70	BVD 607	COMMUNITY SERVICES	EMERGENCY	CATERING SERVICES DURING DISASTER FLOOD AT RAWSONVILLE	44 045,00	FANCY AFFAIRS
71	BVD 608	STRATEGIC SUPPORT SERVICES	EXCEPTIONAL CASE	RENEWAL OF VM-WARE LICENCE	481 212,90	SITHABILE TECHNOLOGY SERVICES
72	BVD 609	PUBLIC SERVICES	EMERGENCY	ENVIRONMENTAL SERVICES FOR THE MONITORING AND REPORTING OF CONSTRUCTION ACTIVITIES AT SMALBLAAR RIVER: RAWSONVILLE	17 769,80	ENVIROSENSE CC
73	BVD 610	STRATEGIC SUPPORT SERVICES	EXCEPTIONAL CASE	MAINTENANCE OF FRANKING MACHINE	50 000,00	PBSA
74	BVD 612	COMMUNITY SERVICES	EMERGENCY	CATERING SERVICES DURING DISASTER FLOOD AT RAWSONVILLE	59 440,00	CURTAIN AND LINEN
TOTAL					43 130 814,77	
					SUMMARY	
					Value	Number
					10 223 552,59	33
					11 715 779,14	37
					21 191 483,04	4
					43 130 814,77	74