



BREED VALLEY MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2024

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities

The main business operation of the municipality is to provide democratic and accountable government for local communities, ensure the provision of services to communities in a sustainable manner, promote social and economic development; to promote a safe and healthy environment and to encourage the involvement of communities and community organisations in the matters of local government.

Mayoral committee for the year ended 30 June 2024

Executive Mayor

Antoinette Steyn

Mayoral committee members

J.Von Willingham (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 Moso

E. Botha

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

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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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)

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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 accounting officer 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 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on page 8 to 111, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024



Accounting Officer
31 August 2024



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

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

Breed 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 212 682 people as per the 2022 census.

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 435 119 582 (2023: R2 374 603 847) at year-end.

Net surplus of the municipality was R55 161 839 (2023: net surplus R120 913 801). 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 2024, the municipality had an accumulated surplus of R 2 435 119 582 and that the municipality's assets exceed its total liabilities by R 2 435 119 582.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The solvency analysis shows that assets cover the liabilities by 412.67% (2023 : 457.92%). The coverage indicates that the municipality operates as a going concern. Refer to note 58 of the annual financial statements.

3. Subsequent events

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

4. B-BBEE Performance

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

5. Accounting policies

The annual financial statements have been 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. Interest-bearing debt increased in the year ended 30 June 2024. In the financial year ended 30 June 2024 the municipality redeemed interest-bearing debt of R22 208 200. The interest paid on borrowings as a percentage of total expenditure is 2.44% (2023: 1.74%).

Investments as at 30 June 2024 amounted to R25 432 053 (2023: R10 232 534). Investments and cash and cash equivalents increased from R158 985 717 to R218 673 192. Additional information regarding cash and cash equivalents, investments and loans are provided in notes 3, 11, 20 and Appendix A to the financial statements.

7. Capital expenditure

The capital expenditure incurred during the year 2024 amounted to R234 620 530 (2023: R270 818 617) that represented 80% (2023: 66.08%) of the approved capital budget of R293 359 201 (2023: R409 826 108). A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix H (A5), while Appendix B contains detail according to the asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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	2024	2023
Net cash flow from operating activities	256 108 478	114 946 608
Net cash flow from investing activities	(263 380 884)	(150 847 906)
Net cash flow from financing activities	51 760 362	95 565 146
Net increase in cash and cash equivalents	44 487 956	59 663 848

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 2024 and 30 June 2023 the current ratio was 1.50 and 1.68 respectively. This reflects an decrease in the ratio.

10. Accounting Officer

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

Name	Nationality
D. McThomas	South African

11. Auditors

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

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Cash and cash equivalents	3	193 241 139	148 753 183
Receivables from exchange transactions	4	84 016 638	101 496 560
Statutory Receivables	5	30 225 749	33 895 865
Other receivables from non-exchange transactions	6	2 276 382	2 326 795
Other receivables from exchange transactions	7	8 914 233	10 668 820
Inventories	8	19 272 793	15 605 176
VAT receivable	9	5 996 890	6 788 630
Short term investments	11	25 432 053	10 232 534
Long term receivables	16	6 219 489	4 662 834
Operating lease asset	10	122 398	341 391
		375 717 764	334 771 788
Non-Current Assets			
Investment property	12	99 934 000	96 156 600
Property, plant and equipment	13	2 694 267 507	2 561 275 241
Intangible assets	14	3 860 694	3 937 318
Heritage assets	15	36 631 059	36 631 059
Long term receivables	16	6 090 836	5 268 910
		2 840 784 096	2 703 269 128
Total Assets		3 216 501 860	3 038 040 916
Liabilities			
Current Liabilities			
Payables from exchange transactions	17	141 609 126	100 459 951
Consumer deposits	18	4 656 531	4 687 970
Unspent conditional grants and receipts	19	17 597 475	16 423 060
Long term liabilities	20	32 821 679	26 781 010
Employee benefit obligation	21	51 024 395	47 436 261
Provisions	22	3 330 547	3 160 365
		251 039 753	198 948 617
Non-Current Liabilities			
Long term liabilities	20	301 250 321	252 462 043
Employee benefit obligation	21	158 892 000	148 015 000
Provisions	22	70 200 204	64 011 409
		530 342 525	464 488 452
Total Liabilities		781 382 278	663 437 069
Net Assets		2 435 119 582	2 374 603 847
Accumulated surplus		2 435 119 582	2 374 603 847

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Service charges	23	807 822 770	710 366 337
Sales of Goods and rendering of services	24	5 735 830	5 520 542
Income from agency services	25	9 189 197	9 690 278
Licenses and permits		2 926 066	3 123 467
Rental income	26	8 979 264	7 478 117
Operational Revenue	27	7 513 111	9 970 027
Finance Income	28	32 334 114	27 650 417
Total revenue from exchange transactions		874 500 352	773 799 185
Revenue from non-exchange transactions			
Taxation revenue			
Availability Charges		7 632 531	7 091 912
Property rates	29	197 547 809	180 017 883
Property rates - penalties imposed and collection		3 435 598	2 784 887
Transfer revenue			
Government grants & subsidies	30	283 700 552	239 168 397
Fines, penalties and forfeits	31	72 714 243	94 924 009
Donations in-kind	57	-	17 916 689
Total revenue from non-exchange transactions		565 030 733	541 903 777
Total revenue		1 439 531 085	1 315 702 962
Expenditure			
Employee related costs	32	(396 106 871)	(366 251 127)
Remuneration of councillors	33	(20 466 633)	(19 066 405)
Depreciation and amortisation	35	(101 941 158)	(94 571 263)
Bulk purchases	36	(454 652 107)	(372 992 719)
Finance costs	37	(31 253 855)	(19 436 796)
Inventory consumed	8	(50 292 465)	(50 877 550)
Contracted services	38	(124 781 490)	(109 354 532)
Operating lease		(10 561 260)	(9 185 135)
Grants and subsidies paid	39	(3 068 520)	(3 419 195)
Operational Costs	40	(78 815 638)	(65 945 843)
Agency fees paid	41	(6 431 948)	(6 521 026)
Total expenditure		(1 278 371 945)	(1 117 621 591)
Operating surplus		161 159 140	198 081 371
Gain/(loss) on disposal of assets and liabilities		784 747	(623 094)
Fair value adjustments	42	6 714 526	14 716 643
Actuarial gains	21	2 044 564	25 710 286
Debt Impairment	34	(115 604 855)	(116 517 766)
Inventory gains/(losses)		63 717	(453 639)
Total other (losses)		(105 997 301)	(77 167 570)
Surplus for the year		55 161 839	120 913 801

BREEDE VALLEY MUNICIPALITY

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Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	2 253 030 696	2 253 030 696
Balance at 30 June 2022	2 253 030 696	2 253 030 696
Changes in net assets	-	-
Fair value gains, net of tax: Land and buildings	-	-
Financial assets	-	-
Net income recognised directly in net assets	659 349	659 349
Surplus for the year *	120 913 802	120 913 802
Total recognised income and expenses for the year	121 573 151	121 573 151
Total changes	121 573 151	121 573 151
Balance at 30 June 2023	2 374 603 847	2 374 603 847
Changes in net assets	5 353 896	5 353 896
Net income recognised directly in net assets	55 161 839	55 161 839
Surplus for the year	60 515 735	60 515 735
Total changes	60 515 735	60 515 735
Balance at 30 June 2024	2 435 119 582	2 435 119 582

BREED VALLEY MUNICIPALITY

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Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Cash flows from services and rate payers		1 031 497 455	890 983 840
Cash flows from government and other grants		284 874 967	251 364 113
Finance income: investing activities		31 837 683	26 964 198
		<u>1 348 210 105</u>	<u>1 169 312 151</u>
Payments			
Cash paid to employees		(399 738 807)	(370 830 943)
Cash paid to suppliers		(661 077 592)	(660 273 955)
Finance costs		(28 216 708)	(19 841 450)
Grants paid		(3 068 520)	(3 419 195)
		<u>(1 092 101 627)</u>	<u>(1 054 365 543)</u>
Net cash flows from operating activities	44	<u>256 108 478</u>	<u>114 946 608</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(250 957 301)	(230 245 261)
Proceeds from sale of Investment properties		3 490 106	2 085 000
Long term receivables		(1 146 223)	(4 481 896)
(Increase)/ decrease in investment		(14 767 466)	81 794 251
Net cash flows from investing activities		<u>(263 380 884)</u>	<u>(150 847 906)</u>
Cash flows from financing activities			
Proceeds from long term liabilities		74 000 000	110 000 000
Repayment of long term liabilities		(22 208 200)	(14 535 651)
Movement in consumer deposits		(31 438)	100 797
Net cash flows from financing activities		<u>51 760 362</u>	<u>95 565 146</u>
Net increase in cash and cash equivalents		<u>44 487 956</u>	<u>59 663 848</u>
Cash and cash equivalents at the beginning of the year		148 753 183	89 089 335
Cash and cash equivalents at the end of the year	3	<u>193 241 139</u>	<u>148 753 183</u>

BREED VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
WC025 Breede Valley - Reconciliation of Table A1 Budget Summary

Description	2023/24							
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (28 February 2024)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2023/2024)	Final Budget	Actual Outcome	Variance
R thousands	1	2	3	4	5	6	7	8
Financial Performance								
Revenue								
Exchange Revenue	850 663	(4 735)	845 928	-	-	845 928	871 574	25 646
Service charges - Electricity	544 474	(2 700)	541 774	-	-	541 774	543 810	2 037
Service charges - Water	110 094	(1 300)	108 794	-	-	108 794	110 405	1 611
Service charges - Waste Water Management	90 530	(2 300)	88 230	-	-	88 230	99 185	10 955
Service charges - Waste management	48 900	(1 100)	47 800	-	-	47 800	54 422	6 622
Sale of Goods and Rendering of Services	6 939	(414)	6 524	-	-	6 524	5 736	(788)
Agency services	9 908	(2 005)	7 903	-	-	7 903	8 949	1 046
Interest other	-	-	-	-	-	-	-	-
Interest earned from Receivables	13 376	-	13 376	-	-	13 376	13 962	585
Interest earned from Current and Non Current Assets	12 823	3 460	16 284	-	-	16 284	18 373	2 089
Dividends	-	-	-	-	-	-	-	-
Rent on Land	1 645	(1 645)	-	-	-	-	-	-
Rental from Fixed Assets	6 981	502	7 483	-	-	7 483	8 979	1 496
Licence and permits	-	-	-	-	-	-	-	-
Operational Revenue	4 994	2 767	7 760	-	-	7 760	7 753	(7)
Non-Exchange Revenue	623 178	(103 706)	519 472	-	-	519 472	482 199	(37 273)
Property rates	187 406	4 000	191 406	-	-	191 406	197 548	6 141
Surcharges and Taxes	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	242 038	(125 316)	116 721	-	-	116 721	72 714	(44 007)
Licence and permits	4 259	-	4 259	-	-	4 259	2 926	(1 333)
Transfer and subsidies - Operational	186 796	7 934	194 730	-	-	194 730	185 954	(8 776)
Interest	1 196	2 277	3 473	-	-	3 473	3 436	(38)
Fuel Levy	-	-	-	-	-	-	-	-
Operational Revenue	-	7 400	7 400	-	-	7 400	7 633	233
Gains on disposal of Assets	1 483	0	1 483	-	-	1 483	2 155	672
Other Gains	-	(0)	(0)	-	-	(0)	9 634	9 634
Discontinued Operations	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	1 473 841	(108 441)	1 365 400	-	-	1 365 400	1 353 773	(11 627)
Expenditure								
Employee related costs	413 148	(13 609)	399 539	-	(1 149)	398 390	396 107	(2 283)
Remuneration of councillors	20 720	1 000	21 720	-	-	21 720	20 467	(1 254)
Bulk purchases - electricity	432 321	-	432 321	-	22 500	454 821	454 652	(168)
Inventory consumed	45 712	1 605	47 317	-	2 976	50 294	50 154	(140)
Debt Impairment	209 734	(41 834)	167 900	-	(26 900)	141 000	115 605	(25 395)
Depreciation and amortisation	100 265	-	100 265	-	2 000	102 265	101 941	(324)
Interest Charges	37 980	-	37 980	-	-	37 980	31 254	(6 726)
Contracted services	118 676	12 258	130 934	-	(1 394)	129 540	125 490	(4 050)
Transfers and subsidies	6 138	4 206	10 344	-	(278)	10 066	3 069	(6 998)
Irrecoverable debts written off	18	-	18	-	-	18	-	(18)
Operational costs	95 257	2 557	97 815	-	942	98 756	94 100	(4 657)
Losses on Disposal of Assets	3 928	(0)	3 928	-	-	3 928	1 370	(2 558)
Other Losses	63	0	63	-	1 200	1 263	1 150	(113)
Total Expenditure	1 483 960	(33 816)	1 450 144	-	(103)	1 450 042	1 396 358	(53 684)
Surplus/(Deficit)	(10 119)	(74 626)	(84 744)	-	103	(84 642)	(42 589)	42 057
Transfers and subsidies - capital (monetary allocations)	66 797	40 164	106 961	-	-	106 961	97 746	(9 214)
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	56 678	(34 462)	22 216	-	103	22 319	55 162	32 843
Income Tax	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	56 678	(34 462)	22 216	-	103	22 319	55 162	32 843
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	56 678	(34 462)	22 216	-	103	22 319	55 162	32 843
Reconciliation to statement of financial performance								
	-	-	-	-	-	-	-	-
Surplus/(deficit) per the statement of financial performance	56 678	(34 462)	22 216	-	103	22 319	55 162	32 843
Capital expenditure & funds sources								
Capital expenditure								
Transfers recognised - capital	66 797	40 164	106 961	-	-	106 961	97 746	(9 214)
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	28 069	46 185	74 254	-	-	74 254	56 598	(17 656)
Internally generated funds	95 665	16 377	112 042	-	103	112 144	80 276	(31 869)
Total sources of capital funds	190 531	102 726	293 257	-	103	293 359	234 621	(58 739)
Financial position								
Total current assets	315 160	(79 932)	235 228	-	-	235 228	375 718	140 490
Total non current assets	2 905 151	(275 719)	2 629 433	-	-	2 629 433	2 840 784	211 351
Total current liabilities	212 142	(21 260)	190 882	-	-	190 882	251 040	60 158
Total non current liabilities	555 521	(9 407)	546 114	-	-	546 114	530 343	(15 771)
Community wealth/Equity	2 452 648	(324 963)	2 127 685	-	-	2 127 685	2 435 120	307 435
Cash flows								
Net cash from (used) operating	83 211	27 029	110 240	-	-	110 240	255 108	145 869
Net cash from (used) investing	(190 481)	(102 726)	(293 207)	-	-	(293 207)	(263 381)	29 826
Net cash from (used) financing	7 476	53 385	60 862	-	-	60 862	51 760	(9 101)
Cash/cash equivalents at the year end	68 137	(31 490)	36 648	-	-	36 648	193 241	156 594
Cash backing/surplus reconciliation								
Cash and investments available	132 632	172	132 804	-	-	132 804	218 668	85 864
Application of cash and investments	12 698	1 325	14 023	-	-	14 023	93 897	79 873
Balance - surplus (shortfall)	119 933	(1 153)	118 781	-	-	118 781	124 771	5 991
Asset management								
Asset register summary (WDV)	2 902 512	(275 719)	2 626 794	-	-	2 626 794	2 834 693	207 899
Depreciation	100 265	-	100 265	-	2 000	102 265	101 941	(324)
Renewal of Existing Assets	97 487	33 539	131 027	-	(320)	130 707	106 142	(24 564)
Repairs and Maintenance	84 124	2 839	86 963	-	8 225	95 188	88 057	(7 131)
Free services								
Cost of Free Basic Services provided	74 700	-	74 700	-	-	74 700	51 011	(23 689)
Revenue cost of free services provided	37 937	1 229	39 166	-	-	39 166	7 652	(31 515)

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024
Statement of Budget Comparison

Material Variance Explanations 30 June 2024

Description	Final Budget 30 June 2024	Revenue/ Opex/ Capex 30 June 2024	Variances greater than 10%/ R50 000 (over/(under))	Reasons for Material Deviations	Impact on Service Delivery
Operating Revenue					
Service charges - Waste Water Management	88 230 000.00	99 186 204.34	12.42	Income from refuse removal was higher than anticipated.	Positive effect on service delivery
Service charges - Waste management	47 800 000.00	54 421 758.27	13.85	Income from sewerage services was higher than anticipated.	Positive effect on service delivery especially with regard to future budget provisions
Sale of Goods and Rendering of Services	6 524 240.00	5 735 828.70	-12.08	Services such as gate takings, valuation services, cementry and burial were less than anticipated.	Limited Impact on service delivery as revenue is based on demand from public for related goods and services.
Agency services	7 903 200.00	8 948 895.98	13.23	Growth in agency services was higher than anticipated.	Positive effect on service delivery especially with regard to future budget provisions
Interest earned from Current and Non Current Assets	16 283 850.00	18 372 599.64	12.83	More funds were available for investments throughout the year which resulted in more interest received on investments received.	Positive effect on service delivery especially with regard to future budget provisions
Rental from Fixed Assets	7 482 820.00	8 979 263.71	20.00	There were more rentals revenue from resorts and the transfer of flats from the provincial government.	Positive effect on service delivery especially with regard to future budget provisions
Fines, penalties and forfeits	116 721 100.00	72 714 242.95	-37.70	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.	The actual purpose of the item is to enforce proper road behaviour and protect lives. Although the decrease in income can have a limitation in the By-Law enforcement
Licence and permits	4 258 800.00	2 926 066.44	-31.29	Income from licences and permits was less than anticipated.	Limited Impact on service delivery as revenue is based on demand from public for related goods and services.
Gains on disposal of Assets	1 482 740.00	2 154 672.56	45.32	Proceeds on sale of assets was higher than anticipated.	Positive impact on service delivery
Other Gains	-40.00	9 833 854.21	100.00	Other gains like actuarial gains were more than anticipated.	Positive Impact on service delivery
Operating Expenditure					
Debt impairment	141 000 000.00	115 604 854.34	-18.01	Debt Impairment for 2023/24 was less than anticipated.	None
Interest Charges	37 980 000.00	31 253 855.06	-17.71	External loan was not fully taken up during the 2023/24 financial year.	It does have an Impact on the cashflow of the municipality but the prudent decision was to limit the payment on interest.
Transfers and subsidies	10 066 188.00	3 068 520.26	-69.52	Expenditure on Housing Projects was less than anticipated.	This aspect highly depends on the grant funding received from the National and Provincial fiscus. There is a big need for housing in our area and lessor funding does have a negative impact on the municipality and community
Irrecoverable debts written off	18 400.00		-100.00	Irrecoverable debts written off for 2023/24 were less than anticipated.	None
Losses on Disposal of Assets	3 927 570.00	1 369 925.40	-65.12	Losses on Disposal of Assets for 2023/24 were less than anticipated.	None
Capital Expenditure					
Engineering Services and Public Services					
Not Allocated to Wards					
Rawsonville WwTW					
Rawsonville WwTW: Extension of WwTW (0.24 Mld/day)	4 740 772	2 356 080.37	2 384 711.63	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	6 806 332	6 668 537.23	137 794.77	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	Its a multi-year project that will be finalised within the scope of the contractual agreement
Touws River: Waste Water Treatment Works (WwTW) Augmentation					

BREDE VALLEY MUNICIPALITY
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Statement of Budget Comparison

Material Variance Explanations 30 June 2024

Description	Final Budget 30 June 2024	Revenue/ Opex/ Capex 30 June 2024	Variances greater than 10%/ R50 000 (over/(under))	Reasons for Material Deviations	Impact on Service Delivery
Augmentation Tounsvriver WWTW (MIG)	22 769 428	21 960 021.51	809 406.49		
Augmentation Tounsvriver WWTW	4 348 000	7 105.29	4 340 894.71	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	Its a multi-year project that will be finalised within the scope of the contractual agreement . Project will be completed June 2025
Augmentation Tounsvriver WWTW (HOUSING)	5 000 000	745 407.01	4 254 592.99		
Resealing of Municipal Roads - Worcester					
CRR	9 335 150	9 178 900.04	156 249.96	Savings	None, Project completed
Upgrading of Roads					
Municipal Roads (Ward 1, 2, 3, 4, 16, 17 and 18)	100 000	40 150.00	59 850.00	Professional Services for upgrading of gravel roads - Lokhozi Engineers	Upgrading of roads is a multi-year project that will be dealt within the scope of the contractual agreement . Project will continue for all gravel roads to be upgraded in the Breede Valley
Electricity (8112)					
Refurbishment of electrical system	7 419 484	4 932 321.04	2 487 162.96	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	This will have a positive impact on the electricity infrastructure and is part of proactive maintenance and upgrading
Robertson Road Substation	5 622 827	4 436 625.85	1 186 201.15	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	This will have a positive impact on the electricity infrastructure and is part of proactive maintenance and upgrading
Alternative Electricity Supply Zweekohamba	11 682 618	9 180 578.42	2 492 039.58	Savings	None, Project completed
Ward Priorities					
Speed Humps	1 490 000	1 417 247.64	72 752.36	Savings	Road safety are definitely improved
Playparks	537 000	20 248.56	516 751.44	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	Project will be completed before June 2025 and will have a positive impact on the recreational facilities
Ward 1					
Upgrading Gravel Roads	3 810 487	2 587 832.91	1 242 654.09	BV 894/2021(F) Professional Services for upgrading of gravel roads - Lokhozi Engineers	Its a multi-year project that will be finalised within the scope of the contractual agreement . Project will be completed June 2025
Augmentation of Water treatment works	179 000		178 000.00	Roll over approved, but subtracted from Equitable share	None
Ward 7					
Upgrading of Gravel Roads (Smith str.)	1 403 000	20 984.00	1 382 016.00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	Its a multi-year project that will be finalised within the scope of the contractual agreement . Project will be completed June 2025
Ward 8					
Upgrading of Gravel Roads - Industrial Area	8 035 000	774 962.00	7 260 038.00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	Its a multi-year project that will be finalised within the scope of the contractual agreement . Project will be completed June 2025
Upgrading of Gravel Roads (IDT)	2 449 008	2 007 538.83	441 469.17	Savings	None
Upgrading of Gravel Roads	4 550 902		4 550 902.00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None
Ward 10					
Playparks - Ward 10	120 000		120 000.00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None
Ward 11					
Upgrading of Gravel Road (Amies Street, Yssel to Sampson)	800 000		800 000.00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	Its a multi-year project that will be finalised within the scope of the contractual agreement . Project will be completed June 2025
Ward 14					

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Material Variance Explanations 30 June 2024

Description	Final Budget 30 June 2024	Revenue/ Opex/ Capex 30 June 2024	Variances greater than 10% / R50 000 (over/(under))	Reasons for Material Deviations	Impact on Service Delivery
Building of Roads - Ward 14 (Kroon Street)	200 000		200 000.00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	Its a multi-year project that will be finalised within the scope of the contractual agreement . Project will be completed June 2025
Ward 17					
High Mast Light -Ward 17	331 193	268 801.00	62 392.00	Savings	None
Ward 19					
Playpark - Ward 19	1 100 000	38 300.00	1 061 700.00	Projected conditional grant rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None
Ward 21					
Upgrading of gravel roads	1 529 800		1 529 800.00	Contract BV 1041 / 2023: Upgrading of Gravel Roads awarded.	Its a multi-year project that will be finalised within the scope of the contractual agreement . Project will be completed June 2025
Upgrading of gravel roads	3 031 251	2 252 398.61	778 852.39		
SERVICE CONNECTIONS (Depending on Public Contr)					
Sewer Connections	1 120 000		1 120 000.00	Savings. Spending subject to demand for service connections	None
Electricity Connections	1 000 000	274 258.40	725 741.60	Savings. Spending subject to demand for service connections	None
Water Connections	1 018 200		1 018 200.00	Savings. Spending subject to demand for service connections	None
Water and Waste Water Treatment Works					
WWTW Pump station upgrading and refurbishment	6 587 000	6 102 132.92	484 867.08	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None
Water and Sewerage					
Water - Machinery and Equipment	470 000	293 033.09	176 966.91	Savings	None
Upgrading of Offices (Fairbairn Street)	472 557	285 519.30	187 037.70	Savings	None
ROADS AND STORMWATER					
Roads - Machinery and Equipment	283 500	212 970.30	51 128.70	Savings	None
Land Infill Developments					
Avian Park Industrial - Electricity	990 000		990 000.00	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None
Avian Park Industrial - Sewer Pumpstation	12 050 000	2 069 968.75	9 980 033.25	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None
SPORT: Esselen Park					
Replacement of fence perimeter	2 579 950	1 667 425.98	912 524.02	Rollover to 2023/24 financial year. Commitment in respect of the rollover amount	None
WATERLOO LIBRARY - 4506					
Modular Library (Overhex)	950 000	75 931.00	874 069.00	Project in adjudication stage. Various challenges experienced during the tender process (Specification and Evaluation) resulting in the process being cancelled in restarted.	None
FINANCIAL SERVICES					
Financial Planning					
Safeguarding of Assets	400 000	226 363.74	173 636.26	Budgeted on a needs basis. No needs for full budget. Savings	None
FS FP - Insurance claims : Other Assets	970 000	563 704.81	406 295.19	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
STRATEGIC SUPPORT SERVICES					
Other Buildings					
Supply and Installation of Load Shedding Solution and Solar PV	2 561 583	1 922 631.50	638 951.50	Traffic light project completed. Solar conversion / renewable energy project in planning phase.	None
Upgrading of Municipal Buildings	875 000	678 211.66	196 788.34	Savings	None
INFORMATION TECHNOLOGY					
Call Center & Telephone (PBX) System	50 000		50 000.00	Savings. As and when needed basis	None
Biometric system	150 000		150 000.00	Savings. As and when needed basis	None
Airconditioner (DR Site)	150 000		150 000.00	Savings	None

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Statement of Budget Comparison

Material Variance Explanations 30 June 2024					
Description	Final Budget 30 June 2024	Revenue/ Opex/ Capex 30 June 2024	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 28 February 2024: 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 2023/2024.				
Operating Expenditure					
Employee related costs	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 28 February 2024: 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 2023/2024.				
Bulk purchases - electricity					
Inventory consumed					
Debt impairment					
Depreciation and amortisation					
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 28 February 2024: 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 2023/2024.				
Cash Flow					
Cash/ Cash Equivalents at the year end.	Changes between the Final Budgeted amounts and the Approved Adjustment Budget of 28 February 2024: 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 2023/2024.				

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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 Materiality

Definitions

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Both the qualitative and quantitative characteristics of an item are considered when applying materiality. Care is taken to ensure that these annual financial statements provide users with the most suitable information in order to evaluate the performance of the municipality.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of the municipality's activities and environment in which it operates in, to be able and prepared to read annual financial statements and to review and analyse its information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Management has applied its judgement to assess materiality in the annual financial statements. Materiality is determined as 1% of total actual operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Prior period errors are only corrected when these are found to be material. All immaterial prior period errors are corrected in the current year and the previously reported figures will not be corrected.

1.3 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:

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 off 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.

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 22 - Provisions.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

Post-retirement benefits and other long-term benefits

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

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

Other key assumptions for post-retirement and other long-term employee obligations are based on current market conditions. Additional information is disclosed in note 21.

Long Service Awards

Long Service Awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is 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 are recognized in the Statement of Financial Performance in the period in which they 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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

1.4 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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.4 Investment property (continued)

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 12).

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.5 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 13).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements. See Note 13.

1.6 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.

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1.7 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

1.7 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.

1.8 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 15.

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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1.9 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 transaction	Financial asset measured at amortised cost
Other receivables from non exchange transactions	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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1.9 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 uncollectability of financial assets

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

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

Financial assets measured at amortised cost:

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

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

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

Financial assets measured at cost:

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

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1.9 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).

1.10 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

1.10 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.

1.11 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.

1.12 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).

1.13 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

1.13 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.

1.14 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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1.14 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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1.14 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.

1.15 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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1.15 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

1.16 Provisions and Contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when the municipality:

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

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

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

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

A contingent liability is an:

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

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1.16 Provisions and Contingencies (continued)

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

Decommissioning, restoration and similar liability

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

The related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

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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1.17 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.

BREEDE VALLEY MUNICIPALITY

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Accounting Policies

1.17 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 Actuarial gains and losses comprise experience adjustments arising from changes in demographic and financial assumptions .

Demographic assumptions about the future characteristics of current and former employees (and their dependants) who are eligible for benefits and deal with matters such as:

- mortality
- rates of employee turnover, disability and early retirement,
- the proportion of plan members with dependants who are eligible for benefits,
- the proportion of plan members who will select each form of payment option available under the plan terms; and
- claim rates under medical plans.

Financial assumptions deal with matters such as:

- the discount rate,
- benefit levels, excluding any cost of the benefits to be met by employees, and future salary,
- in the case of medical benefits, future medical costs, including claim handling costs, and
- taxes payable by the plan on contributions relating to service before the end of the reporting period or on benefits resulting from that service.

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.

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.17 Employee benefits (continued)

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
- 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).

BREED VALLEY MUNICIPALITY

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Accounting Policies

1.17 Employee benefits (continued)

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.

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.

BREED VALLEY MUNICIPALITY

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Accounting Policies

1.17 Employee benefits (continued)

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.

1.18 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.

BREEDE VALLEY MUNICIPALITY

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Accounting Policies

1.18 Statutory receivables (continued)

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:

- 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.

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Accounting Policies

1.19 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.

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.

1.20 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.

BREED VALLEY MUNICIPALITY

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

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.

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Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

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.

1.21 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.

1.22 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).

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Accounting Policies

1.22 Accounting by principals and agents (continued)

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.

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.

1.23 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.

1.24 Fruitless and wasteful expenditure

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

BREEDE VALLEY MUNICIPALITY

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Accounting Policies

1.24 Fruitless and wasteful expenditure (continued)

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.

1.25 Irregular expenditure

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

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

1.26 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.

1.27 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.

1.28 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.

1.29 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 2023 to 30 June 2024.

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.

1.30 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.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.30 Related parties (continued)

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.

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Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

1.31 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.

1.32 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.

1.33 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.

BREEDE VALLEY MUNICIPALITY

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Accounting Policies

1.34 Living and non-living resources

Living resources are those resources that undergo biological transformation.

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 61.

1.35 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 2024

Accounting Policies

1.36 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 54 for detail.

1.37 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 54.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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 1(amendments related to going concern)	Presentation of Financial Statement	Unknown
GRAP 103	Heritage Assets	Unknown
GRAP 104	Financial Instruments	1 April 2025
Guideline	The Application of Materiality to Financial Statements	Unknown

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	14 985	13 105
Bank balances	193 226 154	148 740 078
	193 241 139	148 753 183

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

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

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

Credit rating		
Nedbank Current Account (P-1)	193 226 154	148 740 078
Standard Bank (P-1)	10 172 973	-
ABSA (P-1)	10 176 470	5 116 438
FNB (P-1)	5 082 611	5 116 096
	218 658 208	158 972 612

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 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Receivables from exchange transactions		
Gross balances		
Electricity	54 667 463	69 213 515
Housing rental	15 598 933	14 606 974
Housing Selling Schemes	266 391	257 532
Refuse	36 681 096	33 820 824
Sewerage	59 408 868	54 947 311
Sundries	17 928 433	15 751 886
Water	66 162 203	63 468 344
	250 713 387	252 066 386
Less: Allowance for impairment		
Electricity	(5 514 845)	(7 838 978)
Housing Selling schemes	(201 496)	(182 222)
Housing rental	(13 853 699)	(12 765 559)
Refuse	(31 468 740)	(27 332 080)
Sewerage	(51 005 598)	(44 050 344)
Sundries	(13 584 858)	(11 590 459)
Water	(51 067 513)	(46 810 184)
	(166 696 749)	(150 569 826)
Net balance		
Electricity	49 152 618	61 374 537
Housing rental	1 745 234	1 841 415
Housing selling schemes	64 895	75 310
Refuse	5 212 356	6 488 744
Sewerage	8 403 270	10 896 967
Sundries	4 343 575	4 161 427
Water	15 094 690	16 658 160
	84 016 638	101 496 560
Electricity		
Current (0 -30 days)	48 615 316	64 199 077
31 - 60 days	918 770	286 376
61 - 90 days	279 586	225 340
91 - 120 days	208 885	202 930
121 - 365 days	4 644 908	4 299 792
Less : Provision for Impairment	(5 514 847)	(7 838 978)
	49 152 618	61 374 537
Water		
Current (0 -30 days)	13 310 901	16 487 756
31 - 60 days	2 601 821	2 028 677
61 - 90 days	2 273 072	2 169 740
91 - 120 days	2 346 612	2 477 810
121 - 365 days	45 629 796	40 304 361
Less : Provision for Impairment	(51 067 512)	(46 810 184)
	15 094 690	16 658 160

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	4 921 066	8 241 702
31 - 60 days	2 133 690	1 452 750
61 - 90 days	1 824 885	1 277 205
91 - 120 days	1 730 480	1 274 191
121 - 365 days	48 798 747	42 701 464
Less : Provision for Impairment	(51 005 598)	(44 050 345)
	8 403 270	10 896 967
Refuse		
Current (0 -30 days)	3 147 710	4 815 831
31 - 60 days	1 277 589	865 751
61 - 90 days	1 107 983	775 280
91 - 120 days	1 065 088	757 674
121 - 365 days	30 082 724	26 606 288
Less : Provision for Impairment	(31 468 738)	(27 332 080)
	5 212 356	6 488 744
Housing Selling Schemes		
Current (0 -30 days)	35 432	3 267
31 - 60 days	331	8 754
61 - 90 days	272	551
91 - 120 days	207	518
121 - 365 days	230 149	244 442
Less : Provision for Impairment	(201 495)	(182 222)
	64 896	75 310
Housing rental		
Current (0 -30 days)	560 888	936 899
31 - 60 days	445 749	278 547
61 - 90 days	333 918	202 813
91 - 120 days	313 673	228 848
121 - 365 days	13 944 700	12 959 868
Less : Provision for Impairment	(13 853 694)	(12 765 560)
	1 745 234	1 841 415
Sundries		
Current (0 -30 days)	3 554 115	2 520 612
31 - 60 days	894 070	469 860
61 - 90 days	193 877	252 282
91 - 120 days	130 302	500 204
121 - 365 days	13 156 068	12 008 928
Less : Provision for Impairment	(13 584 857)	(11 590 459)
	4 343 575	4 161 427

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	65 234 219	79 658 075
31 - 60 days	7 277 844	4 417 605
61 - 90 days	5 290 846	4 018 104
91 - 120 days	5 098 741	4 459 777
121 - 365 days	137 679 609	114 010 790
	220 581 259	206 564 351
Industrial/ commercial		
Current (0 -30 days)	10 972 123	229 459
31 - 60 days	905 297	2 399 832
61 - 90 days	559 006	2 968 378
91 - 120 days	538 959	2 141 699
121 - 365 days	15 580 605	33 327 698
	28 555 990	41 067 066
National and provincial government		
Current (0 -30 days)	605 603	24 780
31 - 60 days	49 968	259 166
61 - 90 days	30 854	320 565
91 - 120 days	29 748	231 289
121 - 365 days	859 966	3 599 173
	1 576 139	4 434 973
Total		
Current (0 -30 days)	74 145 428	97 205 145
31 - 60 days	8 272 021	5 390 714
61 - 90 days	6 013 593	4 903 211
91 - 120 days	5 795 246	5 442 176
121 - 365 days	156 487 098	139 125 136
	250 713 386	252 066 382
Less: Allowance for impairment	(166 696 742)	(150 569 826)
	84 016 644	101 496 556
Less: Allowance for impairment		
31 - 60 days	(7 809 567)	(5 241 333)
61 - 90 days	(5 677 399)	(4 767 339)
91 - 120 days	(5 471 259)	(5 291 369)
121 - 365 days	(147 738 524)	(135 269 785)
	(166 696 749)	(150 569 826)
Total debtor past due but not impaired		
31 - 60 days	462 456	149 382
61 - 90 days	336 196	135 873
91 - 120 days	323 989	150 808
121 - 365 days	8 748 574	3 855 287
	9 871 215	4 291 350

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand

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4. Receivables from exchange transactions (continued)

Receivables from exchange transactions impaired

As at 30 June 2024, receivables from exchange transactions with an amount of R 166 696 749 (2023: R 150 569 826) impaired and provided for.

Reconciliation of allowance for impairment

Balance at beginning of the year	(150 569 822)	(133 908 163)
Contribution to allowance	(52 008 772)	(42 905 753)
Debt impairment written off against allowance	35 881 852	26 244 094
	<u>(166 696 742)</u>	<u>(150 569 822)</u>

Receivables from exchange transactions past due but not impaired

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

As of 30 June 2024 receivables from exchange transactions of R9 871 216 (2023: R4 291 350) 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 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Statutory Receivables		
Gross balances		
Rates	43 497 923	45 438 498
Traffic fines	129 502 850	108 044 905
	173 000 773	153 483 403
Less: Allowance for impairment		
Rates	(30 776 625)	(26 958 790)
Traffic fines	(111 998 399)	(92 628 748)
	(142 775 024)	(119 587 538)
Net balance		
Rates	12 721 298	18 479 708
Traffic fines	17 504 451	15 416 157
	30 225 749	33 895 865
Rates		
Current (0 -30 days)	6 324 239	11 913 278
31 - 60 days	1 903 660	925 881
61 - 90 days	1 182 813	899 557
91 - 120 days	778 827	732 142
121 - 365 days	33 308 383	30 967 640
Less : Provision for impairment	(30 776 624)	(26 958 790)
	12 721 298	18 479 708
Summary of rates receivables by customer classification: Rates		
Consumers		
Current (0 -30 days)	5 509 394	9 286 702
31 - 60 days	1 658 383	721 748
61 - 90 days	1 030 414	701 228
91 - 120 days	678 480	570 723
121 - 365 days	29 016 777	24 140 061
	37 893 448	35 420 462
Industrial/ commercial		
Current (0 -30 days)	713 235	2 493 125
31 - 60 days	214 691	93 213
61 - 90 days	133 395	127 683
91 - 120 days	87 835	90 921
121 - 365 days	3 756 451	4 237 002
	4 905 607	7 041 944
National and provincial government		
Current (0 -30 days)	19 697	133 451
31 - 60 days	8 224	110 920
61 - 90 days	3 858	70 647
91 - 120 days	3 858	70 498
121 - 365 days	663 233	2 590 577
	698 870	2 976 093

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Statutory Receivables (continued)		
Total		
Current (0 -30 days)	6 324 239	11 913 278
31 - 60 days	1 903 660	925 881
61 - 90 days	1 182 813	899 557
91 - 120 days	778 827	732 142
121 - 365 days	33 308 383	30 967 640
	<u>43 497 922</u>	<u>45 438 498</u>
Less: Allowance for impairment	<u>(30 776 624)</u>	<u>(26 958 790)</u>
	12 721 298	18 479 708
Less: Allowance for impairment: Rates		
Current (0 -30 days)	-	-
31 - 60 days	(1 576 067)	(744 533)
61 - 90 days	(979 268)	(723 365)
91 - 120 days	(644 802)	(588 741)
121 - 365 days	(27 576 487)	(24 902 151)
	<u>(30 776 624)</u>	<u>(26 958 790)</u>
Total debtor past due but not impaired		
31 - 60 days	327 592	181 348
61 - 90 days	203 545	176 192
91 - 120 days	134 025	143 401
121 - 365 days	5 731 897	6 065 489
	<u>6 397 059</u>	<u>6 566 430</u>
Reconciliation of Traffic Fines		
Balance at beginning of the year	15 416 157	6 107 152
Issued fines	72 082 445	94 752 615
Withdrawals/Write-offs	(37 436 900)	(6 483 080)
Payment of fines	(13 304 499)	(10 417 080)
Provision for impairment Movement	(19 259 508)	(68 543 450)
	<u>17 497 695</u>	<u>15 416 157</u>
Statutory receivables impaired		
As of 30 June 2024, statutory receivables were impaired by R 142 775 023 (2023: R119 587 538) and provided for.		
Reconciliation of allowance for impairment: Rates		
Balance at the beginning of the year	26 958 791	23 536 356
Contribution to allowance	7 034 883	4 972 781
Debt impairment written-off against allowance	(3 217 050)	(1 550 346)
	<u>30 776 624</u>	<u>26 958 791</u>
Reconciliation of allowance for impairment: Traffic Fines		
Balance at the beginning of the year	92 628 748	25 586 222
Contribution to allowance	56 806 551	73 525 606
Debt impairment written-off against allowance	(37 436 900)	(6 483 080)
	<u>111 998 399</u>	<u>92 628 748</u>

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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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 96.48% (2023:93.81%).

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	9,85%	5,17%
Section 56 Notice	21,33%	25,64%
Traffic Management Technologies	16,99%	12,67%
Provincial Authority	9,06%	10,13%

6. Other receivables from non-exchange transactions

Gross balance

Availability Charges	20 404 480	17 695 575
Traffic revenue receivable	-	24 670
	20 404 480	17 720 245

Less: Allowance for impairment

Availability charges	(18 128 098)	(15 393 450)
Traffic revenue receivable	-	-
	(18 128 098)	(15 393 450)

Net balance

Availability Charges	2 276 382	2 302 125
Traffic revenue receivable	-	24 670
	2 276 382	2 326 795

BREED VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
6. Other receivables from non-exchange transactions (continued)		
Availability charges		
Current (0-30 days)	575 467	991 746
31 - 60 days	390 586	352 245
61 - 90 days	371 719	341 936
91 - 120 days	364 646	342 093
121 - 365 days	18 702 063	15 667 554
Less: Allowance for impairment	(18 128 098)	(15 393 450)
	2 276 383	2 302 124
Summary of receivables by customer classification: Availability Charges		
Consumers		
Current (0-30 days)	575 467	991 746
31 - 60 days	390 586	352 245
61 - 90 days	371 719	341 936
91 - 120 days	364 646	342 093
121 - 365 days	18 702 063	15 667 554
	20 404 481	17 695 574
Total		
Current (0-30 days)	575 467	991 746
31 - 60 days	390 586	352 245
61 - 90 days	371 719	341 936
91 - 120 days	364 646	342 093
121 - 365 days	18 702 063	15 667 554
	20 404 481	17 695 575
Less: Allowance for impairment	(18 128 098)	(15 393 450)
	2 276 383	2 302 125
Less: Allowance for impairment : Availability Charges		
Current (0-30 days)	-	-
31 - 60 days	(357 082)	(324 612)
61 - 90 days	(339 834)	(315 112)
91 - 120 days	(333 367)	(315 257)
121 - 365 days	(17 097 816)	(14 438 469)
	(18 128 099)	(15 393 450)
Total receivables past due but not impaired: Availability Charges		
31 - 60 days	33 504	27 633
61 - 90 days	31 886	26 824
91 - 120 days	31 279	26 836
121 - 365 days	1 604 247	1 229 085
	1 700 916	1 310 378

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6. Other receivables from non-exchange transactions (continued)

Other receivables from non-exchange transactions impaired

As of 30 June 2024, other receivables from non-exchange transactions of R18 128 099 (2023: R15 393 450) were impaired and provided for.

Reconciliation of allowance for impairment: Availability Charges

Balance at beginning of the year	(15 393 450)	(12 770 333)
Contribution to allowance	(3 022 271)	(2 740 418)
Debt impairment written off against allowance	287 623	117 301
	(18 128 098)	(15 393 450)

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	4 398	12 355
Other receivables	464 402	2 541 780
PAYE	-	1 145 403
Prepaid expenses	6 856 436	5 466 830
Recoverable expenses	551 882	516 441
Auxiliaries	20 023	48 590
Interest receivable	1 034 408	970 030
Less: Allowance for impairment	(17 316)	(32 609)
	8 914 233	10 668 820

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	(32 609)	(51 759)
Decrease in provision for the year	15 291	19 150
	(17 318)	(32 609)

8. Inventories

Consumable stores	18 643 998	15 122 557
Water stock	628 795	482 619
	19 272 793	15 605 176

Inventories recognised as an expense during the year	50 292 465	50 877 550
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The amount disclosed for inventory consumed are inclusive of inventory expensed from the stores during the year and other expenditure purchased from the materials and supplies accounts.

Inventory pledged as security

BREEDE VALLEY MUNICIPALITY

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8. Inventories (continued)

None of the above Inventory has been pledged as security.

9. VAT receivable

VAT Receivable	5 996 890	6 788 630
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The municipality is registered on the cash basis. No penalties and fines were incurred during the year.

Vat meets the definition of a statutory receivable as per the accounting policy. The statutory receivable amounts are as follows R113 988 (2023 : R12 005 302)

VAT Breakdown

VAT Control Receivable (As per VAT 201)	113 988	12 005 302
VAT Accrual (Receivable)	30 938 524	20 611 520
VAT Accrual (Payable)	(25 055 622)	(25 828 192)
	5 996 890	6 788 630

10. Operating lease asset (accrual)

Lease asset	122 398	341 391
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Operating leases - as lessor (income)

Certain of the municipality's properties are held to generate rental income. The escalation clauses for the lease income varies between 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 decrease in income of R 218 994 (2023: decrease of R19 686).

Minimum lease payments Receivable

-within one year	72 745	70 280
-in second to fifth year inclusive	49 653	122 398
	122 398	192 678

11. Short term investments

Short term fixed deposits are made with various banks for a period from 1 - 12 months. The interest rates earned vary between 8.48 % and 9.39% per annum

Other fixed deposits	25 432 053	10 232 534
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Current assets

Short term portion of investment	25 432 053	10 232 534
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BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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12. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	99 934 000	-	99 934 000	96 156 600	-	96 156 600

Reconciliation of investment property - 2024

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	96 156 600	(1 887 033)	5 664 433	99 934 000

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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12. Investment property (continued)

Pledged as security

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

Details of property

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

Details of valuation

The effective date of the revaluations was Sunday, 30 June 2024. 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	962 524	751 098
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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.

BREEDE VALLEY MUNICIPALITY

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13. Property, Plant and Equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	345 783 970	(209 659 611)	136 124 359	344 092 180	(203 485 177)	140 607 003
Infrastructure	3 609 190 829	(1 394 354 615)	2 214 836 214	3 402 203 151	(1 316 009 610)	2 086 193 541
Land	228 610 073	-	228 610 073	228 698 883	-	228 698 883
Other property, plant and equipment	203 987 518	(89 290 657)	114 696 861	184 898 872	(79 123 058)	105 775 814
Total	4 387 572 390	(1 693 304 883)	2 694 267 507	4 159 893 086	(1 598 617 845)	2 561 275 241

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Buildings	140 607 003	2 484 764	(47 945)	(466)	-	(6 918 997)	136 124 359
Infrastructure	2 086 193 541	206 438 715	-	1 916 023	-	(79 712 063)	2 214 836 216
Land	228 698 884	-	(88 811)	-	-	-	228 610 073
Other property, plant and equipment	105 775 814	25 697 049	(983 582)	583 694	(1 142 642)	(15 233 474)	114 696 859
Total	2 561 275 242	234 620 528	(1 120 338)	2 499 251	(1 142 642)	(101 864 534)	2 694 267 507

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	-	(2 314 327)	-	-	228 698 883
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)	108 919	2 586 756	(94 494 848)	2 561 275 241

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Annual Financial Statements for the year ended 30 June 2024

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13. 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	2 244 172	2 436 507
Infrastructure	364 745 314	502 151 185
Other Assets	2 306 759	3 817 772
	369 296 245	508 405 464

Work in progress balances were mainly as result of projects being multi-year projects and projects not completed at year-end.

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

Repair and Maintenance per allocation to asset type

Infrastructure	49 655 723	52 803 024
General Vehicles	16 921 334	11 052 657
Plant and Equipment	7 548 287	7 092 753
Furniture and other Office Equipment	951 785	548 621
Other Building	12 979 419	8 370 380
	88 056 548	79 867 435

Repair and Maintenance per nature of expense

Contracted Services	66 441 651	59 446 440
Employee Cost	2 773 257	3 035 445
Inventory Consumed	18 841 640	17 385 550
	88 056 548	79 867 435

Change in Accounting Estimate

The effect of the change in accounting estimate is disclosed in note 53.

Other Information

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

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

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14. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 088 817	(818 884)	269 933	1 088 817	(785 130)	303 687
Right of use of water	4 275 264	(684 503)	3 590 761	4 275 264	(641 633)	3 633 631
Total	5 364 081	(1 503 387)	3 860 694	5 364 081	(1 426 763)	3 937 318

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	303 687	(33 755)	269 932
Right of use of water	3 633 631	(42 869)	3 590 762
	3 937 318	(76 624)	3 860 694

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

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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Notes to the Annual Financial Statements

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15. Heritage assets

	2024			2023		
	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 2024

	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 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

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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16. Long term receivables		
Housing selling schemes loans		
Housing selling schemes	-	76 095
Less: Provision for impairment	-	(62 398)
	-	13 697
Housing loans - personnel		
Housing personnel	-	44 206
Less: Provision for impairment	-	-
	-	44 206
Arrangements		
Arrangements	15 929 993	13 540 396
Less: Provision for impairment	(3 619 667)	(3 666 555)
	12 310 326	9 873 841
Less: Current portion transferred to current receivables		
Housing selling schemes	-	(6 254)
Housing personnel	-	(9 265)
Arrangements	(8 048 236)	(6 380 082)
	(8 048 236)	(6 395 601)
Less: Current Portion of allowance for impairment transferred to current receivables		
Housing selling schemes	-	(5 128)
Arrangements	(1 828 747)	(1 727 639)
	(1 828 747)	(1 732 767)
Non-current assets		
Long term receivables- non current portion	6 090 836	5 268 910
Long term receivables - current portion	6 219 489	4 662 834
	12 310 325	9 931 744

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16. 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 vary between 15 and 30 years.

As of 30 June 2024 long term receivables of R1 790 919 (2023: R1 996 185) 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.

17. Payables from exchange transactions

Credit balances closed	-	36 960
Ex Retentions	-	290 039
Other payables	4 803 008	2 245 388
Payments received in advance	8 425 166	12 066 921
Retentions	9 889 711	14 289 406
Sundry deposits	875 941	850 227
Trade payables	117 615 300	70 681 010
	141 609 126	100 459 951

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18. Consumer deposits		
Electricity	2 134 728	2 242 859
Water	2 521 803	2 445 111
	4 656 531	4 687 970
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>		
19. Unspent conditional grants and receipts		
Balances at year end		
Unspent conditional grants and receipts		
Unspent grants	17 597 475	16 423 060
Movement during the year		
Balance at the beginning of the year	16 423 060	4 227 344
Total Government receipts	123 981 967	106 181 102
Conditions met-capital grants	(97 746 497)	(67 525 256)
Conditions met-operating grants	(23 501 218)	(23 821 141)
Repayments during the year	(480 000)	(2 638 989)
Other movement	(1 079 837)	-
	-	-
	17 597 475	16 423 060
<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>		
20. Long term liabilities		
At amortised cost		
Annuity loans	334 072 000	279 243 053
Reconciliation of long term liabilities		
Opening balance	279 243 053	184 183 358
Additional loans taken	74 000 000	110 000 000
Loans redeemed	(22 208 200)	(14 535 651)
Interest accrued	7 676 998	4 639 851
Interest accrued prior year	(4 639 851)	(5 044 505)
	334 072 000	279 243 053
Non-current liabilities		
At amortised cost	301 250 321	252 462 043
Current liabilities		
At amortised cost	32 821 679	26 781 010

BREEDE VALLEY MUNICIPALITY

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21. Employee benefit obligation

Reconciliation of employee benefits - 2024	Opening Balance	Additions	Benefits paid during the year	Total
Post-retirement medical aid benefits	138 783 000	17 060 509	(7 133 509)	148 710 000
Long service awards	19 254 000	5 277 927	(3 118 927)	21 413 000
Performance bonus	1 084 317	1 875 643	(1 787 094)	1 172 866
Staff leave accrual	29 316 411	3 843 342	(2 055 360)	31 104 393
13th cheque accrual	7 013 530	502 603	-	7 516 133
	195 451 258	28 560 024	(14 094 890)	209 916 392

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

Non-current employee benefits

Provision for Post-retirement medical aid benefits	140 542 000	131 697 000
Long service awards	18 350 000	16 318 000
	158 892 000	148 015 000

Current employee benefits

Provision for Post-retirement medical aid benefits	8 168 000	7 086 000
Long service awards	3 063 000	2 936 000
Performance bonus	1 172 867	1 084 318
Staff leave accrual	31 104 394	29 316 412
13th cheque accrual	7 516 133	7 013 531
	51 024 394	47 436 261

Post-Retirement medical aid benefit: Movements

Opening balance	138 783 000	148 572 000
Benefits paid	(7 133 509)	(6 817 299)
Net expense recognised	17 060 509	(2 971 701)
	148 710 000	138 783 000

Post-Retirement medical aid benefit: Net expense recognised

Current service cost	4 097 000	4 763 000
Interest cost	16 810 000	17 135 000
Actuarial Gains	(3 846 491)	(24 869 701)
	17 060 509	(2 971 701)

Post-Retirement medical aid benefit: Calculation of actuarial gains

Actuarial (gains)/loss arising from financial assumptions	(3 846 491)	(20 737 701)
Actuarial (gains)/loss arising from demographic assumptions	-	(4 132 000)
	(3 846 491)	(24 869 701)

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Figures in Rand	2024	2023
21. Employee benefit obligation (continued)		
Long service awards: Movements		
Opening balance	19 254 000	18 909 000
Benefits paid	(3 118 927)	(2 321 414)
Net expense recognised	5 277 927	2 666 414
	21 413 000	19 254 000
Long service awards: Net expense recognised		
Current service cost	1 459 000	1 514 000
Interest cost	2 017 000	1 993 000
Actuarial (gains)/loss	1 801 927	(840 586)
	5 277 927	2 666 414
Long service awards: Calculation of actuarial (gains)/loss		
Actuarial (gains)/loss arising from financial assumptions	(302 000)	(732 586)
Actuarial (gains)/loss arising from demographic assumptions	2 103 927	(108 000)
	1 801 927	(840 586)

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 2024: 75% (2023: 75%) of the employees belonged to the above plan. The plan is defined as a post-retirement medical benefit plan.

Long service awards

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. All permanent employees are entitled to a specified number of days additional leave days plus additional remuneration based on their completed years of service. The long service award are payable after 10 years of completed services and thereafter every 5 years of continuous service. The employee may convert the additional leave into a cash amount.

In 2024: 14.18% (2023: 14.25%) of the employees qualified for long service awards.

Risks

The plan exposes the Municipality to various risks. These include: salary inflation, benefit increase rates, discount rates, and changes in retirement age. The employer has little to no control over these risks.

Plan amendments, curtailments and settlements

There are no past service costs, curtailments or settlements to consider. The effects of exchange rates, transfer plans, mergers and disposals were also not considered

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21. Employee benefit obligation (continued)

Key financial assumptions used

The municipality made use of an independent firm to perform the valuation of post-retirement medical aid benefits and long service awards. Julian van der Spuy (B.Comm.(CERA) (FIA)) from ZAQEN Actuaries (Pty) Ltd was the expert for the valuation. The key assumptions used by the experts are listed below for the last valuation on 30 June 2024:

Post Retirement Medical Aid Benefit:

Discount rate	13,57 %	12,42 %
CPI (Consumer Price Inflation)	7,98 %	8,03 %
Medical Aid Contribution Inflation	8,98 %	9,03 %
Net Effective Discount Rate	4,21 %	4,06 %

Long service awards:

Discount Rate	10,78 %	11,32 %
CPI (Consumer Price Inflation)	5,84 %	5,57 %
Normal Salary Increase Rate	5,84 %	6,57 %
Net Effective Discount Rate	4,67 %	4,45 %

The nominal and real zero curves as at 30 June 2024 supplied by the JSE are the basis used to determine the discount rate and CPI assumptions at each relevant time period.

Maturity Analysis	1 Year from Valuation Date	Between 1-5 years from Valuation Date	Longer than 5 years from Valuation Date	Total
Post Retirement Medical Aid Benefit	8 168 000	23 300 000	117 242 000	148 710 000
Long service awards	3 063 000	9 726 000	8 624 000	21 413 000

Key demographic assumptions used

Post Retirement Medical Aid Benefit:

Average retirement age	62	62
Normal retirement age	65	65
Mortality rates	SA 85-90	SA 85-90

Long service awards:

Average retirement age	62	62
Normal retirement age	65	65
Mortality rates	SA 85-90	SA 85-90

BREED VALLEY MUNICIPALITY

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21. Employee benefit obligation (continued)

Sensitivity analysis

Post Retirement Medical Aid Benefit:

In order to illustrate the sensitivity of the results to changes in certain key variables, the liabilities were recalculated using the following assumptions:

- 1% increase/decrease in the Medical Aid inflation
- 20% increase/decrease in the assumed level of mortality;

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in medical aid inflation assumption and a 20% change in the assumed level of mortality would have the following effects:

	1% increase in medical aid inflation	1% decrease in medical aid inflation
Effect on defined benefit obligation	167 664 000	132 830 000
Effect on defined interest cost	22 601 000	17 756 000
Effect on the service cost	5 775 000	4 031 000
	20% increase in mortality rate	20% decrease in mortality rate
Effect on defined benefit obligation	139 049 000	160 437 000
Effect on defined interest cost	18 631 000	21 581 000
Effect on the service cost	4 480 000	5 194 000

The cost of the subsidy after retirement is dependent on the assumed discount rate and average retirement age. The discount rate and average retirement age will thus have a direct effect on the liability of future retirees. A one percentage point change in the discount rate and average retirement age would have the following effects:

	1% increase in discount rate	1% decrease in discount rate
Effect on defined benefit obligation	133 536 000	167 014 000
Effect on defined interest cost	17 854 000	22 511 000
Effect on the service cost	4 065 000	5 741 000
	Retirement age +1yr	Retirement age 1yr
Effect on defined benefit obligation	157 844 000	140 440 000
Effect on defined interest cost	21 172 000	18 822 000
Effect on the service cost	4 967 000	4 349 000

Long service awards:

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/decrease in the assumed level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation

Assumed salary inflation trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed normal salary cost inflation rates and a 20 % change in the assumed level of withdrawal rates would have the following effects:

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Figures in Rand	2024	2023
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21. Employee benefit obligation (continued)

	1% increase in salary inflation	1% decrease in salary inflation
Effect on defined benefit obligation	22 760 000	20 187 000
Effect on the current service cost	1 633 000	1 409 000
Effect on defined interest cost	2 388 000	2 099 000
	20% increase in withdrawal rate	20% decrease in withdrawal rate
Effect on defined benefit obligation	20 600 000	22 307 000
Effect on the current service cost	1 427 000	1 615 000
Effect on defined interest cost	2 144 000	2 338 000

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all 822 (2023: 842) 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 2023.

The last valuation of the LA Retirement Fund (previously Cape Joint Pension Fund) was performed on 30 June 2023.

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 39 143 976 (2023: R 36 826 207).

Councillors who are elected are members of different pension schemes. The contributions have been expensed which amounted to R1 229 604 (2023: R1 168 080).

Contributions to medical aid funds

Contributions to medical aid funds for employees	23 564 514	22 048 089
Contributions to medical aid funds for councillors	270 655	227 606
Contributions to medical aid funds for pensioners	7 133 509	6 819 243
	30 968 678	29 094 938

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 2023 revealed that the funding level of the share account was 100.2 % and the pension account was 120.1%. At the valuation date the municipality had 823 members (Fund: 54 103 members) and nil pensioners (Fund: 496 pensioners) belonging to the fund.

BREED VALLEY MUNICIPALITY

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Figures in Rand	2024	2023
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22. Provisions: Landfill Site

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for the rehabilitation of landfill site	64 011 409	(1 142 642)	-	7 331 437	70 200 204
Closure site	3 160 365	-	170 182	-	3 330 547
	67 171 774	(1 142 642)	170 182	7 331 437	73 530 751

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Change in discount factor	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

Non-current liabilities	70 200 204	64 011 409
Current liabilities	3 330 547	3 160 365
	73 530 751	67 171 774

The provision for landfill site for De Doorns was done for a 16 year period and the Worcester site for a period of 13 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 R7 331 437 (2023: R6 200 476) 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 R170 182 (2023: provision of R75 594).

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
23. Service charges		
Electricity	543 810 279	472 095 946
Water	110 404 529	104 272 763
Sewerage and sanitation	99 186 204	88 069 363
Refuse removal	54 421 758	45 928 265
	807 822 770	710 366 337

The above service charges are net of free basic services and rebates for the different services. The total rebates provided to consumers amounts to R58 662 143 (2023:R62 832 475).

24. Sales of Goods and Rendering of Services

Advertisement	127 229	116 877
Building Plan Approval	1 158 163	1 408 382
Camping Fees	126 866	322 890
Cemetery and Burial	1 528 339	1 496 356
Clearance Certificate	261 158	246 026
Entrance Fees	2 074 995	1 344 337
Fire Services	147 765	247 141
Photocopies and Faxes	64 957	62 841
Prints	38 582	32 437
Tender Documents	6 600	9 800
Sub-division and Consolidation Fees	96 539	113 015
Recycling of Waste	13 554	11 430
Valuation Services	91 083	109 010
	5 735 830	5 520 542

25. Income from agency services

Vehicle Registration	8 948 896	9 463 077
Insurance	240 301	227 201
	9 189 197	9 690 278

The municipality entered into an arrangement with the Western Cape Mobility Department 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	52 091 103	55 328 920
Payments made to the department	(52 091 103)	(55 328 920)
	-	-

26. Rental income

Premises		
Housing Rentals	6 672 091	4 989 637
Other rental revenue	2 307 173	2 488 480
	8 979 264	7 478 117

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Operational revenue		
Incidental Cash surpluses	3 005	2 252
Breakages and losses recovered	4 374	6 611
Administrative handling fees	4 893 069	6 382 262
Insurance refund	1 287 832	1 825 139
Merchandising jobbing and contracts	22 561	2 908
Municipal information and statistics	8 550	6 407
Development Charges	1 217 289	1 669 270
Staff Recoveries	76 431	75 148
Request for information	-	30
	7 513 111	9 970 027
28. Finance income		
Interest revenue		
Bank	18 372 600	14 384 007
Outstanding debtors	13 961 514	13 266 410
	32 334 114	27 650 417
29. Property rates		
Rates received		
Residential Properties	92 989 410	87 277 266
Mining, Business and Commercial Properties	50 962 698	43 130 808
Public Service Purposes Property	21 764 210	20 108 718
Agricultural Properties	18 556 377	17 288 811
Public Benefit Organisation	1 334 315	1 258 526
Industrial Properties	11 940 799	10 953 754
	197 547 809	180 017 883
Valuations		
	R'000	R'000
Land	11 017 344	11 050 825
Improvements	22 306 783	22 012 759
	33 324 127	33 063 584

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 2024. 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 0.008682 c/R (2023: 0.008118 c/R) and for industrial and commercial sites at 1.73650 c/R (2023: 1.6236 c/R).

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Government grants and subsidies		
Operating grants		
Equitable share	162 452 839	147 822 000
Financial management grant	1 550 000	1 550 000
Other grants and donations	4 789 000	3 301 000
Provincial government	17 162 217	18 970 140
	185 954 056	171 643 140
Capital grants		
Capital grants	97 746 497	67 525 256
Total Government grants & subsidies	283 700 552	239 168 397
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	162 452 839	147 822 000
Transferred to revenue	(162 452 839)	(147 822 000)
	-	-
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	4 789 000	3 301 000
Conditions met - transferred to revenue	(4 789 000)	(3 301 000)
	-	-
Housing projects		
Balance unspent at beginning of year	2 144 588	2 460 493
Current-year receipts	2 771 840	2 505 000
Conditions met - transferred to revenue	(298 471)	(360 412)
Other	-	(2 460 493)
	4 617 957	2 144 588

Conditions still to be met - remain liabilities (see note 19).

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Government grants and subsidies (continued)		
LGWSETA Staff Development Grant		
Balance unspent at beginning of year	-	-
Current-year receipts	769 155	762 580
Conditions met - transferred to revenue	(769 155)	(762 580)
Other	-	-
	<u>-</u>	<u>-</u>
Provincial government		
Balance unspent at beginning of year	4 355 736	752 098
Current-year receipts	13 973 972	16 303 521
Conditions met - transferred to revenue	(12 763 678)	(12 322 213)
Other	(478 696)	(377 670)
	<u>5 087 334</u>	<u>4 355 736</u>
Conditions still to be met - remain liabilities (see note 19).		
Cape Winelands		
Balance unspent at beginning of year	461 999	895 049
Current-year receipts	1 726 000	605 000
Conditions met - transferred to revenue	(500 000)	(1 038 050)
	<u>1 687 999</u>	<u>461 999</u>
Conditions still to be met - remain liabilities (see note 19).		
Capital Grants		
Balance unspent at beginning of year	9 460 737	74 878
Current-year receipts	98 402 000	99 070 689
Conditions met - transferred to revenue	(97 746 497)	(85 441 945)
Other	(3 912 056)	(4 242 885)
	<u>6 204 184</u>	<u>9 460 737</u>

Conditions still to be met - remain liabilities (see note 19).

Services in kind

The municipality received services in kind under voluntary or non voluntary schemes which included free training, workshops, cleaning services and technical assistance from government departments and entities. These services have not been recognised as they were assessed not to be significant to the municipality's operations and/or basic service delivery objectives. The cost and fair value of these services in-kind could also not be measured reliably

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Fines, penalties and forfeits		
Damaged meters	281 741	243 320
Library	20 622	17 729
Traffic fines	72 084 880	94 662 960
Retentions	327 000	-
	72 714 243	94 924 009
32. Employee related costs		
Basic Salary	230 626 747	210 538 876
Group life insurance	3 281 066	2 552 575
Bonus	17 923 763	16 895 669
Medical aid contributions	30 698 023	28 867 332
Unemployment Insurance Fund	1 803 306	1 784 053
Service Related Benefits	23 668 281	20 454 922
Travel and car allowances	11 388 130	11 296 713
Overtime payments	22 343 534	21 825 450
Acting allowances	2 358 808	2 566 626
Housing benefits and allowances	1 711 588	1 679 538
Other Allowances	10 550 691	10 374 617
Contribution to employee benefits	39 752 934	37 414 756
	396 106 871	366 251 127

On 14 May 2024 the Municipality received a letter from National CoGTA granting waiver approval for the Municipal Manager and Directors. The waiver applications are effective from the date of appointment as Municipal Manager or Director. Below is the impact of the waiver in the respective financial years.

Municipal Manager: D Mc Thomas

Annual Remuneration	1 563 721	1 481 592
Car Allowance	219 566	288 369
Performance Bonuses	248 608	241 367
Contributions to UIF, Medical and Pension Funds	65 454	62 210
Group life insurance	16 903	12 588
	2 114 252	2 086 126

Waiver Approval

2016/17	17 223	-
2017/18	57 049	-
2018/19	94 448	-
2019/20	222 221	-
2020/21	357 134	-
2021/22	408 361	-
2022/23	465 714	-
2023/24	434 733	-
	2 056 883	-

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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32. Employee related costs (continued)

Chief Financial Officer: R Ontong

Annual Remuneration	1 136 822	1 089 157
Car Allowance	182 013	242 882
Performance Bonuses	208 927	202 842
Contributions to UIF, Medical and Pension Funds	246 660	211 630
Other	-	12 885
	1 774 422	1 759 396

Waiver Approval

2016/17	36 757	-
2017/18	76 634	-
2018/19	106 044	-
2019/20	177 107	-
2020/21	283 952	-
2021/22	326 437	-
2022/23	373 815	-
2023/24	359 694	-
	1 740 440	-

Director - Engineering Services: J Steyn

Annual Remuneration	1 258 493	1 228 139
Car Allowance	304 878	326 290
Performance Bonuses	208 927	202 842
Contributions to UIF, Medical and Pension Funds	2 125	2 125
	1 774 423	1 759 396

Waiver Approval

2016/17	18 379	-
2017/18	76 634	-
2018/19	106 044	-
2019/20	171 526	-
2020/21	283 952	-
2021/22	326 437	-
2022/23	373 815	-
2023/24	355 168	-
	1 711 955	-

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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32. Employee related costs (continued)

Director - Strategic Support Service: R Esau

Annual Remuneration	1 008 931	956 633
Car Allowance	309 095	373 973
Performance Bonuses	208 927	202 842
Contributions to UIF, Medical and Pension Funds	247 469	225 948
Group Life Insurance	-	-
	1 774 422	1 759 396

Waiver Approval

2016/17	42 255	-
2017/18	76 634	-
2018/19	106 044	-
2019/20	171 526	-
2020/21	283 952	-
2021/22	326 437	-
2022/23	373 815	-
2023/24	355 168	-
	1 735 831	-

Jean DeVilliers was appointed as Director: Planning, Development and Integrated Service from 1 May 2024.

Director - Planning, Development and Integrated Service: J.De Villiers

Annual Remuneration	239 523	-
Car Allowance	20 000	-
Performance Bonuses	-	-
Contributions to UIF, Medical and Pension Funds	60 588	-
	320 111	-

Director - Community Service: S. Swartz

Annual Remuneration	704 720	1 066 083
Car Allowance	142 065	275 973
Performance Bonuses	208 927	202 842
Contributions to UIF, Medical and Pension Funds	149 504	201 897
Group Life Insurance	-	12 601
	1 205 216	1 759 396

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Remuneration costs as percentage of total expenditure for 2024 is 32.59% (2023: 34.48%). The industry norm is between 25-40%. This figure includes employee related cost and the remuneration of councillors, as disclosed in note 32 and 33 to the Financial Statements.

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

33. Remuneration of councillors

Executive mayor	889 122	829 188
Deputy Executive Mayor	720 045	671 251
Chief whip	792 276	737 608
Speaker	712 809	664 555
Mayoral committee members	5 641 104	5 217 069
Councillors	9 787 154	9 551 048
Section 79 Committee Chairperson	423 863	-
Councillors pension contribution	1 229 605	1 168 080
Councillors medical aid contribution	270 655	227 606
	20 466 633	19 066 405

Remuneration of Councillors:

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

Executive Mayor	Salary	Allowances	Pension fund and Medical Aid	Total
A Steyn	755 663	133 458	151 133	1 040 254
Deputy Executive Mayor				
JJ Von Willingh	614 468	105 577	122 660	842 705
Speaker				
JF Van Zyl	646 523	66 286	129 305	842 114
Chief Whip				
PH Marais	742 668	49 608	-	792 276
Mayco Members				
	Salary	Allowances	Pension fund and Medical Aid	Total
VA Bedworth	608 478	49 608	134 190	792 276
JR Jack	715 556	76 720	-	792 276
JP Kritzinger	612 977	56 704	122 595	792 276
WR Meiring	615 410	53 784	123 082	792 276
N Nel	626 642	84 422	81 212	792 276
PC Ramokhabi	676 275	49 608	62 869	788 752
E van der Westhuizen	620 644	53 814	118 006	792 464
F Vaughan	690 854	49 608	51 814	792 276
	5 166 836	474 268	693 768	6 334 872
Section 79 Committee Member				
	Salary	Allowances	Pension fund and Medical Aid	Total
HC Titus	374 255	49 608	28 069	451 932

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Notes to the Annual Financial Statements

Figures in Rand		2024	2023	
33. Remuneration of councillors (continued)				
Councillors	Salary	Allowances	Pension fund and Medical Aid	Total
WM Blom	313 500	49 608	-	363 108
MN Bushwana	249 421	94 980	18 706	363 107
GL Daames	313 500	49 608	-	363 108
R Farao	246 569	67 225	49 314	363 108
MA Goedeman	291 628	49 608	21 872	363 108
EN Isaacs	271 545	71 197	20 366	363 108
C Ismail	268 128	94 980	-	363 108
RT Johnson	291 628	49 608	21 872	363 108
MR Jacobs	303 225	48 306	5 275	356 806
J Joseph	291 628	49 608	21 872	363 108
D Judge	313 500	49 608	-	363 108
SK Madlolo	292 207	49 608	21 293	363 108
ZM Mangali	291 628	49 608	21 872	363 108
TS Manuel	291 628	49 608	21 872	363 108
SJ Mei	273 269	49 608	40 231	363 108
JM Mokgosi	294 159	49 608	21 099	364 866
CT Nyithana	313 500	49 608	-	363 108
J Pieters	313 500	49 608	-	363 108
A Pietersen	282 345	59 587	21 176	363 108
O Ralehoko	313 500	49 608	-	363 108
M Sampson	273 739	64 608	24 761	363 108
TP Sibozo	313 500	49 608	-	363 108
SS Steenberg	313 500	49 608	-	363 108
M Swartz	313 500	49 608	-	363 108
MT Williams	313 500	49 608	-	363 108
CF Wilskut	291 628	49 608	21 872	363 108
NJ Wullschleger	291 628	49 608	21 872	363 108
LR Yayi	313 500	49 608	-	363 108
	8 244 503	1 542 651	375 325	10 162 479
34. Debt impairment				
Impairments				
Receivables from exchange transactions			50 608 055	36 767 878
Receivables from non-exchange transactions			64 996 800	79 749 888
			115 604 855	116 517 766
35. Depreciation and amortisation				
Property, plant and equipment			101 864 534	94 494 848
Amortisation: Intangible assets			76 624	76 415
			101 941 158	94 571 263
36. Bulk purchases				
Electricity - Eskom			454 652 107	372 992 719
37. Finance costs				
External borrowings			31 253 855	19 436 796

BREEDE VALLEY MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
38. Contracted services		
Consultants and Professional Services		
Accounting and Auditing	3 166 671	3 815 143
Audit Committee	106 473	93 824
Human Resources	261 866	1 136 244
Legal Advice and Litigation	2 306 931	6 077 411
Medical Examinations	37 613	28 292
Research and advisory	273 422	448 270
Laboratory Services	127 223	13 691
Infrastructure and planning	1 517 022	896 374
	7 797 221	12 509 249
Outsourced Services		
Burial Services	1 121 825	936 900
Business and Advisory	818 854	468 884
Call Centre	46 200	48 000
Catering Services	308 458	529 528
Clearing and Grass Cutting Services	2 313 391	443 032
Cleaning Services	9 768	174
Drivers Licence Cards	747 498	805 958
Litter Picking and Street Cleaning	3 807 855	4 086 112
Hygiene Services	336 488	308 710
Personnel and Labour	27 543 400	21 867 632
Refuse Removal	2 262 640	1 578 593
Sewerage Services	7 406 435	11 044 725
Security Services	29 402	-
Translators Scribes and Editors	85 057	108 129
Valuer	380 219	311 174
Transport Services	315 517	381 002
	47 533 007	42 918 553
Contractors		
Catering Services	13 537	9 000
Electrical Services	12 757 412	12 342 428
Employee Wellness	1 616	-
Event Promoters	4 166 677	1 203 491
Gardening Services	174 460	86 529
Graphic Designers	333 496	336 801
Maintenance of Buildings and Facilities	3 788 598	3 663 849
Maintenance of Equipment	14 429 723	10 395 175
Maintenance of Unspecified Assets	17 312 636	11 636 757
Medical Services	50 961	89 931
Pest Control and Fumigation	8 633	6 000
Plants Flowers and Other Decorations	3 335	-
Tracing Agents and Debt Collectors	62 994	-
Safeguard and Security	16 347 184	14 156 769
Mint of decorations	-	-
	69 451 262	53 926 730
	124 781 490	109 354 532

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
39. Grants and subsidies paid		
Other subsidies		
Grants in aid	3 068 520	3 419 195
40. Operational cost		
Achievements and Awards	360 960	24 674
Advertising, Publicity and Marketing	344 944	212 817
Assets less than the Capitalisation Threshold	349 988	221 269
Drivers Licences and Permits	13 197	18 644
Bank Charges	1 959 511	1 961 798
Bargaining Council	116 816	113 141
Cleaning services	3 049	7 050
Communication - Postage/Stamps	1 378 896	1 275 541
Communication - Telephone and fax	937 740	1 359 627
Courier and Delivery Services	363	1 361
Entertainment	20 148	12 147
External Audit Fees	4 500 713	4 734 889
External Computer Service	18 511 333	14 163 991
Full Time Union Representative	178 333	217 333
Hire Charges	10 449 420	7 183 344
Insurance (Premiums)	6 268 215	6 084 467
Insurance (excess payments)	797 548	382 015
Learnerships and Internships	2 430 174	1 949 992
Licences (Radio and Television)	7 774	6 986
Motor Vehicle Licence and Registrations	937 328	939 932
Municipal Services	2 907 229	2 601 854
Printing Publications and Books	35 799	84 955
Professional Bodies Membership and Subscription	3 928 242	3 725 110
Provisions for rehabilitation of landfill sites	7 501 618	6 276 070
Registration fees	114 589	28 246
Remuneration to Ward Committees	1 196 580	1 207 200
Protective clothing	2 450 369	1 798 024
Skills Development Fund Levy	4 099 411	3 808 791
Travel and Subsistence	1 355 629	991 370
Water Resource Management Charges	1 765 858	698 744
Workmen's Compensation Fund	2 105 814	1 942 529
Bursaries	1 705 325	1 379 014
System Access and Information Fees	-	-
Communication - SMS Bulk Message Service	25 955	532 918
Signage	56 770	-
	78 815 638	65 945 843
41. Agency fees paid		
Prepaid electricity - Ontec	4 394 020	3 391 820
Easypay	328 979	334 026
Traffic Fine Management	1 708 949	2 795 180
	6 431 948	6 521 026

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41. 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 arrangement with ONTEC who sell prepaid electricity on their behalf. Prepaid vendors earn commission on the value of each transaction. ONTEC acts as an agent on behalf of the municipality since 01 November 2021.

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.

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42. Fair value adjustments		
Fair value adjustment on investment property	5 687 434	15 812 674
Other financial assets		
• Discounting of long term receivables: Movement for the year	1 027 092	(1 096 031)
	6 714 526	14 716 643
43. Service related benefits		
Performance Bonus	1 875 643	1 099 875
Post retirement medical aid benefit	9 927 000	(9 789 000)
Long service awards	5 277 927	2 666 414
Provision for leave payments	3 843 343	480 731
Provision for 13th cheques	502 604	82 615
Actuarial gain/(loss)	2 044 564	25 710 286
In kind benefits : Senior Management	197 200	204 000
	23 668 281	20 454 921
44. Cash generated from operations		
Surplus	55 161 839	120 913 802
Adjustments for:		
Depreciation, amortisation and impairment	101 941 158	94 571 261
Loss/ (Profit) on sale of assets and liabilities	(784 747)	623 094
Fair value adjustments	(6 714 526)	(14 716 643)
Operating lease straight lining	218 993	19 696
Debt impairment	115 604 855	116 517 766
Actuarial gain	(2 044 564)	(25 710 286)
Movements in retirement benefit assets and liabilities	30 929 591	27 068 224
Rehabilitation	7 501 619	6 276 070
Inventory losses	(63 717)	453 639
Donated assets	-	(17 916 689)
Other non-cash items	5 353 896	659 344
Changes in working capital:		
Inventories	(6 103 148)	(6 660 677)
Receivables from exchange transactions	(72 423 357)	(48 646 325)
Receivables from non-exchange transactions	(18 725 631)	(86 075 958)
Short term investments	(432 053)	(232 534)
Interest	3 037 147	(404 655)
Other receivables from non-exchange transactions	(914 355)	(5 715 022)
Payables from exchange transactions	57 485 957	(45 691 581)
Unspent conditional grants and receipts	1 174 415	12 195 716
Employee benefit obligation	(14 094 894)	(12 581 634)
	256 108 478	114 946 608

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45. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	107 496 373	132 375 757
• Community	-	-
	107 496 373	132 375 757
Total capital commitments		
Already contracted for but not provided for	107 496 373	132 375 757
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	9 363 353	36 616 694
Government grant	54 490 189	54 399 117
Capital replacement reserve	43 642 832	41 359 946
	107 496 374	132 375 757
46. Contingent liabilities		
<u>Vat on library grants:</u>		
The Breede Valley Municipality received a legal opinion from its lawyers on the 5th of June 2024. The municipality is aware of the non-binding ruling which was issued to a Municipality in the district. The reason for the legal advice being pursued is because an audit finding (COMAF 14 of 2023) was issued and the municipality was advised to seek advice on treatment there of. The Municipality has opted to seek legal advice. In summary it was concluded that "VAT consequences are determined with reference solely to the nature of the entity, the nature of the receipt, and the intended use of the grant. The VAT Act clearly contemplates a Municipality's receipt of a grant falling within the ambit of section 8(5A), which attracts the benefit of zero-rating under section 11(2)(t). In the premises, the Municipality has a good argument in support of the applicability of section 11(2)(t) of the VAT Act to the Agreements".		
Guarantees		
Guarantee Eskom (Nedbank)	63 400	63 400
Guarantee South Africa Post Office Limited (Nedbank)	180 000	180 000
	243 400	243 400
Legal Matters		
Worcester Land Trust/BVM Case No.3168/6- Contractual claim against the municipality	31 037 841	31 037 841
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.	2 670 737	1 761 927
Ngadlela/BVM - brought a review application in the Cape High Court for an order against certain decisions taken by BVM i.r.o the valuation of the above property.	16 767	16 767
Victor Daniel Jonas / BVM - Public liability claim	25 864	-
Vat treatment of library grant	8 831 233	8 386 915
	42 582 442	41 203 450

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47. 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	3 500	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	11 791	15 000
Golimas	Goliath Jacobs	Brumilda Jacobs	Daughter of Goliath Jacobs	Internal Auditor at the Breede Valley Municipality	150 561	-
Lee-Handro	Sheryl Kock	Frederick Kock	Spouse to Sheryl De Kock	Process Controller at WWTW Breede Valley Municipality	190 185	95 950
Lynette Minaar	Lynette Minaar	Melissa Kafaar	Daughter of Lynette Minaar	Superintendent at solid waste Breede Valley Municipality	-	4 450
Psychologist K2020067664 (SOUTH AFRICA) T/A GR Cleaning and Supply X-Zito Entertainment	Gerald Leisa	Letitia Leisa	Sister of Gerald Leisa	Senior Clerk SCM at Breede Valley Municipality	445 900	831 284
	Xolile Vas	Nontando Vas	Spouse to Xolile Vas	Clerk at HR Office	-	4 800
					801 937	969 484

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47. 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		
JPCE (Pty) Ltd	Jorina Minnie	Johan Adriaan Minnie	Spouse to Jorina Minnie	Disaster Management Manager at City of CapeTown	110 549	-
Mindspring Computing	Renata Hendriks	Brintley Hendriks	Spouse to Renata Hendriks	Artisan at City of Capetown	55 632	55 189
						-
					166 181	55 189

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	-	-
	Sandile Gxilishe	Bongiwe Gxilishe	Daughter of Sandile Gxilishe	Officer at Department of Agriculture and Forestry	-	-
Sannicare cc	Izak Majiet	Charlton Majiet	Son of Izak Majiet	Supervisor at the Department of Transport	118 908	115 442
Total Client Services	Lindikhaya Sipoyo	Rachel Tsipa-Sipoyo	Spouse of Lindikhaya Sipoyo	CEO at the Western Cape Department of Transport	-	-
XKK Corporation (Pty) Ltd	Xola Magwevana	Noxolo Magwevana	Sister to Xola Magwevana	Correctional Officer at the Department of Correctional Services	278 245	68 325
Fancy Affairz	Ash Maharaj	Clarke Marais	Spouse of Ash Maharaj	Police Officer at the South African Police Service	46 147	56 595
JVZ Construction (Pty) Ltd	Marissa Mathee	Mr R.E Mathee	Spouse to Marissa Mathee	Correctional Officer at the Department of Correctional Services	39 710 516	52 340 962
Elton Shortles Attorneys Inc	Elton Shortles	Anthea Shortles	Spouse of Elton Shortles	Lecturer at the CPUT	-	10 732

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47. Disclosures made in terms of Supply Chain Management Regulation 45 (continued)						
Terence Harker Architecture	Terence Harker	Jeanette Harker	Spouse of Terence Harker	Educator at the Western Cape Education Department	-	36 800
Motheo Construction	Lettie Mashau	Martin Ndlovu	Brother of Lettie Mashau	Statistician at the Department of Statistics	-	2 422 662
Awam K	Awamodien Karriem	Majieda Karriem	Spouse to Awamodien Karriem	Lecturer at Boland College	9 000	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	771 230	87 000
Indecon	Trevor Barnard	Lizette Barnard	Spouse of Director Trevor Barnard	Teacher at De Hoop Primary at Department of Education	276 940	57 489
Nedbank Limited	Stanley Subramoney	Venisha Subramoney	Spouse to Stanley Subramoney	Educator at the Gauteng Education Department	-	-
Adapt IT	Nombail Mbambo	Dudley Muziwamadod a Mbambo	Spouse to Nombali Mbambo	Operation Manager at Sanral	145 057	195 163
Webber Wenzel Attorneys Ian Dickie	Sheena Dias	Nicolas Dias	Spouse to Sheena Dias	Senior Legal Advisor at City of Cape Town	-	37 088
Marce Projects (Pty) Ltd	Marcia Samuels	Deon Samuels	Spouse to Maria Samuels	Warrant Officer at SAPS	-	205 820
Zanamanzi Services (Pty) Ltd	Lapson Seale	Maggie Seale	Spouse to Lapson Seale	Employee at Eskom	8 536 172	-
1 World Consultants	Dumezweni Luthuli	Gloria Luthuli	Daughter of Dumezweni Luthuli	Head of Desmond Tutu Child and Youth Centre	Rate based	-
	Mohamed Abdul Peer	Fatima Peer	Spouse to Mohamed Peer	Medical Doctor at the Department of Health	52 009	-
					49 944 224	55 768 774
					50 912 342	56 793 447

The total SCM regulation 45 awards amounted to R50 912 342 (2023: R56 793 447) and are inclusive of rate based awards of which the value cannot be determined upfront.

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48. 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 2024.

49. Unauthorised expenditure

No unauthorised expenditure were incurred during the financial year. There were no unauthorised expenditure balance as at 30 June 2024.

50. Irregular expenditure

No irregular expenditure were incurred during the financial year. There were no irregular expenditure balance as at 30 June 2024.

51. Deviation from supply chain management regulations

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

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

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

During the financial year under review goods/services totalling R4 391 138 (2023: R43 130 815) 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	2 102 287	10 223 553
Sole provider	589 773	21 191 483
Impractical or impossible to follow the SCM process	1 699 078	11 715 779
	4 391 138	43 130 815

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52. Material losses		
Water distribution losses		
Units supplied	14 798 413	14 119 937
Units sold	(12 921 004)	(12 102 246)
	1 877 409	2 017 691
Electricity distribution losses		
Units bought	260 153 569	247 318 166
Units sold	(244 759 758)	(232 221 706)
	15 393 811	15 096 460
Percentage loss in distribution		
Water distribution losses	12,69 %	14,29 %
Electricity distribution losses	5,92 %	6,10 %

53. Change in estimate

Property, plant and equipment

Property, plant and equipment: A review of useful lives was done on assets. During the review, certain infrastructure, buildings, motor vehicles and other property plant and equipment with R nil book values and nil remaining lives were identified. The municipality's management considered how to account for the change in the estimated useful lives. The effect of a change in accounting estimate is required to be recognised prospectively by including it in surplus or deficit in the period of the change, if the change effects that period only; or the period of the change in future periods, if the change effects both. Management concluded that it should apply the change in estimate prospectively from the start of 2023 and therefore the depreciation charge was applied prospectively from 1 July 2023 over the remaining useful life of these assets.

	2023	2024	2025
Decrease/(Increase) in depreciation on other assets for the year	(173)	58	58
Decrease/(Increase) in depreciation on infrastructure for the year	(1 032)	206	206
	(1 205)	264	264

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 14 years to 13 years the De Doorns landfill site remains 16 years. The decrease in the remaining number of years resulted in an decrease of depreciation of R503 945 (2023:R598 176).

The effect on the current year is an decrease in the carrying amount of property, plant and equipment by R94 231 and increase the depreciation expense by R94 231.

The effects of the change in estimate provision for landfill sites has been disclosed in note 22.

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53. 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 R2 606 355

The effect on the current year is a decrease in Fines, Penalties and Forfeits income by R2 606 355 and a decrease in Debt Impairment expenditure by R2 606 355.

54. Prior Period Errors

Management did not identify any material errors in the prior period. The figures of the prior year were thus not restated:

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55. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	-	193 241 139	193 241 139
Receivables from exchange transactions	-	84 016 638	84 016 638
Other receivables from non- exchange transactions	-	2 276 382	2 276 382
Other receivables from exchange transactions	-	2 086 364	2 086 364
Long term receivables	12 310 325	-	12 310 325
Short term investments	-	25 432 053	25 432 053
	12 310 325	307 052 576	319 362 901

Financial liabilities

	At amortised cost	Total
Long term Liabilities	334 072 000	334 072 000
Consumer deposits	4 656 531	4 656 531
Payables from exchange transactions	133 183 961	133 183 961
Unspent conditional grants	17 597 475	17 597 475
	489 509 967	489 509 967

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

56. Risk management

Liquidity risk

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56. 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 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	133 183 961	-	-	-
Consumer deposits	4 656 531	-	-	-
Long term liabilities	61 267 747	61 237 797	172 910 239	302 425 315
Unspent conditional grants	17 597 475	-	-	-
	-	-	-	-
	216 705 714	61 237 797	172 910 239	302 425 315

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

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.

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56. Risk management (continued)		
Financial assets exposed to credit risk at year end were as follows:		
Financial instrument		
Receivables from exchange transactions	84 016 638	101 496 560
Other receivables from non-exchange transactions	2 276 382	2 326 795
Other receivables from exchange transactions	2 086 364	5 201 990
Long term receivables	12 310 325	9 931 744
Short term investments	25 432 053	10 232 534
Cash and cash equivalents	193 241 139	148 753 183
	<u>319 362 901</u>	<u>277 942 806</u>

Market risk

Interest rate risk

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

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

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

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

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

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

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

Price risk

The municipality is not exposed to price risk.

57. Donations in-kind

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

The Municipality did not receive any in kind donations for the 2023/2024 financial year.

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58. Going concern

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

59. 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 2024.

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60. Segment information

General information

Identification of segments

The Accounting Standard for Segment Reporting has been recognised in the Annual Financial Statements of the municipality as at 30 June 2024 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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60. Segment information (continued)

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Governance and administration	Governance and administrative services
Community and public safety	Community and public services
Economic and environmental services	Economic and environmental services
Energy sources	Electricity
Water management	Water
Waste water management	Sewerage and sanitation
Waste management	Refuse removal

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60. Segment information (continued)

Segment surplus or deficit

2024

	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	-	-	-	543 810 279	110 404 529	99 186 204	54 421 758	-	807 822 770
Sales of goods and rendering of services	510 845	3 981 504	1 229 927	-	-	-	13 554	-	5 735 830
Income from agency services	240 301	-	8 948 896	-	-	-	-	-	9 189 197
Licences and permits	765	548 805	2 376 496	-	-	-	-	-	2 926 066
Rental Income	1 586 192	7 393 072	-	-	-	-	-	-	8 979 264
Operational revenue	5 860 766	11 067	380 498	1 260 780	-	-	-	-	7 513 111
Finance Income	30 874 796	1 459 318	-	-	-	-	-	-	32 334 114
Availability Charges	-	-	-	2 864 037	1 405 785	2 305 775	1 056 934	-	7 632 531
Property rates	197 547 809	-	-	-	-	-	-	-	197 547 809
Property tax and penalties	3 435 598	-	-	-	-	-	-	-	3 435 598
Government grants & subsidies	46 249 112	33 507 997	14 237 338	62 222 100	25 590 284	77 477 121	24 416 600	-	283 700 552
Fines, penalties and forfeits	327 000	72 105 502	-	281 741	-	-	-	-	72 714 243
Total segment revenue	286 633 184	119 007 265	27 173 155	610 438 937	137 400 598	178 969 100	79 908 846	-	1 439 531 085

Expenditure									
Bulk purchase	-	-	-	(454 652 107)	-	-	-	-	(454 652 107)
Contracted services	(48 651 224)	(19 194 554)	(6 168 785)	(17 932 632)	(3 812 450)	(15 391 830)	(12 601 557)	(1 028 458)	(124 781 490)
Depreciation and amortisation	(7 435 857)	(9 035 192)	(30 349 201)	(20 848 392)	(14 580 831)	(15 866 881)	(3 824 344)	(460)	(101 941 158)
Employee related cost	(149 334 767)	(99 775 382)	(43 802 235)	(23 363 483)	(30 728 195)	(24 051 749)	(25 051 061)	-	(396 106 872)
Finance cost	(878 828)	(275 677)	(1 023 437)	(7 799 049)	(8 669 310)	(12 573 584)	(33 970)	-	(31 253 855)
Grants and subsidies paid	(1 374 590)	(1 027 238)	(580 000)	-	-	-	-	(86 692)	(3 068 520)
Inventory Consumed	(15 735 461)	(6 530 341)	(3 165 225)	(7 027 620)	(13 165 154)	(3 385 378)	(1 247 080)	(36 206)	(50 292 465)
Operating lease	(1 772 298)	(5 527 072)	-	-	-	-	(3 261 890)	-	(10 561 260)
Operational cost	(47 781 011)	(9 500 679)	(2 465 478)	(2 518 324)	(3 752 390)	(3 291 771)	(9 389 922)	(116 063)	(78 815 638)
Remuneration of councillors	(20 466 633)	-	-	-	-	-	-	-	(20 466 633)
Agency fees paid	(328 979)	(1 708 949)	-	(4 394 020)	-	-	-	-	(6 431 948)

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
Total segment expenditure	(293 759 648)	(152 575 084)	(87 554 361)	(538 535 627)	(74 708 330)	(74 561 193)	(55 409 824)	(1 267 879)	(1 278 371 946)
Total segmental surplus/(deficit)									161 159 139
Gain on disposal of assets and liabilities									784 747
Fair value adjustment									6 714 526
Actuarial gains									2 044 564
Debt impairment									(115 604 855)
Inventory losses									63 717
Total surplus (deficit) for the period									55 161 838

2023

Revenue

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
Service charges	-	-	-	472 095 946	-	-	-	-	-
Sales of goods and rendering of services	549 923	3 506 142	1 453 187	-	104 272 763	88 069 363	45 928 265	-	710 366 337
Income from agency services	227 201	-	9 463 077	-	-	-	11 290	-	5 520 542
Licences and permits	1 627	481 407	2 640 433	-	-	-	-	-	9 690 278
Rental Income	1 154 350	6 323 767	-	-	-	-	-	-	3 123 467
Operational revenue	7 531 900	12 580	844 373	275 189	769 319	536 666	-	-	7 478 117
Finance Income	26 375 977	1 274 440	-	-	-	-	-	-	9 970 027
Availability Charges	-	-	-	2 536 421	1 337 719	2 205 086	1 012 686	-	27 650 417
Property rates	180 017 883	-	-	-	-	-	-	-	7 091 912
Property tax and penalties	2 784 887	-	-	-	-	-	-	-	180 017 883
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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

Expenditure

	Governance and administration	Community and public safety	Economic and environmental services	Energy sources	Water Management	Waste Water Management	Waste management	Other	Total
Bulk purchases	-	-	-	(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 costs	(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 costs	(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 Costs	(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)
Total segment liabilities	(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)
Gain/(loss) on disposal of assets and liabilities									(623 094)
Fair value adjustments									14 716 643
Actuarial gains/(losses)									25 710 286
Debt Impairment									(116 517 766)
Inventory gains/(losses)									(453 639)
									120 913 802

BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

60. Segment information (continued)

Segmental Analysis of Capital Expenditure 2024

	Original Budget	Total Budget Adjustments	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Revenue							
Executive and Council	160 000	23 100	183 100	179 826	(3 274)	98	112
Budget and treasury office	17 059 000	(10 079 017)	6 979 983	4 583 841	(2 396 142)	66	27
Corporate services	-	-	-	-	-	-	-
Community and Social Services	957 000	1 922 716	2 879 716	1 902 515	(977 201)	66	198
Sport and Recreation	11 295 600	(6 298 650)	4 996 950	2 310 920	(2 686 030)	46	20
Public safety	6 000 000	(5 824 838)	175 162	157 121	(18 041)	90	3
Housing	1 000 000	5 000	1 005 000	1 002 990	(2 010)	99	100
Health	-	-	-	-	-	-	-
Environmental Protection	-	7 000	7 000	-	(7 000)	-	-
Planning and Development	5 000	90 000	95 000	84 766	(10 234)	89	1 695
Road Transport	49 624 749	14 797 311	64 422 060	45 867 089	(18 554 971)	71	92
Trading Services	-	-	-	-	-	-	-
Electricity	41 418 000	45 081 798	86 499 798	78 410 727	(8 089 071)	91	189
Water	13 225 243	12 037 096	25 262 339	23 156 100	(2 106 239)	92	175
Waste Water Management	48 786 060	51 074 033	99 860 093	75 988 185	(23 871 908)	76	156
Waste Management	1 000 000	-	1 000 000	976 449	(23 551)	97	98
	190 530 652	102 835 549	293 366 201	234 620 529	(58 745 672)	80	85

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BREED VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

60. 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	34 988	(5 063)	87	350
Budget and treasury office	32 635 000	(10 864 930)	21 770 070	19 048 074	(2 721 996)	88	58
Corporate services	-	-	-	-	-	-	-
Community and Social Services	4 832 000	1 273 637	6 105 637	3 596 882	(2 508 755)	59	75
Sport and Recreation	3 820 000	(2 095 349)	1 724 651	972 739	(751 912)	56	26
Public safety	639 000	851 953	1 490 953	1 274 361	(216 592)	86	199
Housing	-	17 350 000	17 350 000	17 350 000	-	-	-
Health	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-
Planning and Development	1 820 000	(200 000)	1 620 000	1 356 581	(263 419)	84	75
Road Transport	54 426 193	1 285 481	55 711 674	48 132 516	(7 579 158)	86	88
Electricity	66 230 000	8 912 890	75 142 890	48 543 905	(26 598 985)	65	73
Water	94 687 879	(23 976 551)	70 711 328	38 496 994	(32 214 334)	54	41
Waste Management	58 249 680	98 625 175	156 874 855	91 251 763	(65 623 092)	58	157
Waste Water Management	1 200 000	84 000	1 284 000	759 815	(524 185)	59	63
	318 549 752	91 276 356	409 826 108	270 818 618	(139 007 491)	66	85

Information about geographical areas

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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61. Non living resources

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

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

The following boreholes has been extracted for the municipality:

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

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023	
62. Additional disclosure in terms of Municipal Finance Management Act			
Municipal bank accounts			
Bank statement balances	30 June 2024	30 June 2023	30 June 2022
Nedbank - Worcester Branch Cheque Account	193 131 311	147 458 730	89 310 162
Cash book balances	30 June 2024	30 June 2023	30 June 2022
	193 226 154	148 740 078	89 076 226
Membership fees: SALGA			
Current year subscription / fee		3 820 413	3 622 912
Amount paid - current year		(3 820 413)	(3 622 912)
		-	-
Audit fees			
Opening balance		-	-
Current year subscription / fee		4 500 713	4 734 889
Amount paid - current year		(4 500 713)	(4 734 889)
		-	-
PAYE and UIF			
Opening balance		4 561 331	5 025 760
Current year subscription / fee		64 381 933	56 711 215
Amount paid - current year		(59 345 043)	(52 149 884)
Amount paid - previous years		(4 561 331)	(5 025 760)
		5 036 890	4 561 331
Pension and medical aid deductions			
Opening balance		377 668	414 119
Current year subscription / fee		112 572 025	106 217 020
Amount paid - current year		(112 749 988)	(105 839 352)
Amount paid - previous years		(377 668)	(414 119)
		(177 963)	377 668
VAT			
VAT receivable		5 996 890	6 788 630

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

Councillors' arrear consumer accounts

As at 30 June 2024 there were no Councillors with arrear consumer accounts outstanding for more than 90 days.

BREEDE VALLEY MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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62. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be reported to the Council.

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

63. Related parties

Compensation to related parties:

Compensation made to key management and councillors are disclosed in notes 32 and 33.

Outstanding balances:

As at 30 June 2024 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.

64. 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.

BREDEVALLE MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024
APPENDIX A : EXTERNAL LOANS
EXTERNAL LOANS

Mun Ref.	Fin Inst. Ref.	Date		Amount		Date		Transactions for the year to date:					Less:		Carrying Value	
		Received	Redeemable	Received	Redeemed	Interest Paid	Interest Accrued Previous Year	Interest Accrued Current Year	Balance as at							
									30/06/2023	30/11/2030	30/06/2024	30/11/2030				
EXTERNAL LOANS																
ANNUITY & STOCK LOANS																
3-9004-60725490																
Loans redeemed	8															
DBSA: @10.55%	556	14/07/2005	21 736 259,25	31/03/2014												796 822,51
DBSA: @10.891%	557	14/11/2005	22 000 000,00	31/03/2015												6 158 383,63
DBSA: @10.40%	558			31/03/2009												9 147 341,59
DBSA: @11.00%	559	26/06/1997	9 179 000,00	31/03/2014												7 375,66
DBSA: @12.00%	560	02/11/1999	3 000 000,00	31/03/2017												899 326,51
DBSA: @12.00%	561	10647/102	3 000 000,00	31/03/2017												229 872,13
DBSA: @Variable rate	562	10736/102	7 000 000,00	31/03/2017												847 094,02
DBSA: @ 8.69%	2569	102124/1	25 000 000,00	30/09/2016												3 702 346,96
INCA/FNB: @ 10.21%	2991	29/09/2006	50 000 000,00	30/09/2016												10 625 500,92
INCA/FNB: @ 10.14%	2992	29/09/2006	5 000 000,00	30/09/2012												24 474 049,84
DBSA: @ 5.00%	5027	102831/1	23 000 000,00	31/03/2018												290 299,70
DBSA: @ 9.46%	5028	10283/2	40 000 000,00	31/03/2018												12 026 329,31
DBSA: @ 9.46%	5029		2 000 000,00	31/03/2015												25 317 487,23
DBSA: @ 6.75%	11097	103649/2	21 000 000,00	31/03/2030												35 042,12
DBSA: @ 12.08%	11098	103649/1	29 000 000,00	31/03/2030												14 759 169,32
DBSA: @ 11.326%	11099	103649/3	50 000 000,00	31/03/2030												20 868 681,93
DBSA: @ 11.5%	11100	103649/4	50 000 000,00	31/03/2030												35 055 304,88
DBSA: @ 12.14%	11101	103649/5	51 000 000,00	31/03/2030												37 153 607,12
DBSA: @ 11.431%	19975	61007341	38 500 000,00	31/03/2036												41 275 253,47
DBSA: @ 10.824%	19976	61007374	21 500 000,00	31/03/2026												30 855 045,32
ABSA: @ 12.38%	20022	3058749730	110 000 000,00	30/06/2038												8 426 048,37
ABSA: @ 11.7952%	20026	3060871288	74 000 000,00	30/03/2038												108 924 892,46
																50 363 000,96

BREDE VALLEY MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2024
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets	Cost/Revaluation 2023/24									
	Opening balance as previously stated 30-06-2023	Prior period error	Restated opening balance 30-06-2023	Additions	Grat 12 Transfer	Fair value adjustment	Transfers	Restoration of assets	Disposals	Closing Balance 30-06-2024
LAND	228,698,883		228,698,883	-					(88,810)	228,610,073
BUILDINGS	344,092,180		344,092,180	2,484,764			(658)		(792,316)	345,783,970
INFRASTRUCTURE	3,402,203,151		3,402,203,151	206,438,726	2,499,248		(601,339)		(1,348,946)	3,609,190,840
HERITAGE ASSETS	36,631,059		36,631,059	-						36,631,059
OTHER ASSETS	184,898,872	(0)	184,898,872	25,697,040			601,987	(1,142,642)	(6,067,750)	203,987,518
INTANGIBLE ASSETS	5,364,081		5,364,081							5,364,081
INVESTMENT PROPERTY	96,156,600		96,156,600			5,654,433			(1,887,033)	99,934,000
TOTAL	4,298,044,826	(0)	4,298,044,826	234,620,530	2,499,248	5,654,433	0	(1,142,642)	(10,184,856)	4,529,501,540

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

Classification of Assets	Cost/Revaluation 2022/23									
	Opening balance as previously stated 30-06-2022	Prior period error	Restated opening balance 30/6/2022	Additions	Gap 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	(10)	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	17,350,000.00		15,812,674	2,314,326		(2,607,033)	96,156,600
TOTAL	4,018,541,159	(350,010)	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 2024
APPENDIX B: FIXED ASSET RECONCILIATION

Classification of Assets		Accumulated Depreciation 2023/24									
		Opening balance as previously stated 30-06-2023	Prior period error	Restated opening balance 30-06-2023	Additions	Impairment	Disposals	Restoration of Assets	Transfers	Closing Balance 30-06-2024	Carrying Value 30-06-2024
LAND		0		-							228,610,073
BUILDINGS		203,485,177		203,485,177	6,918,997		(744,371)		(192)	209,659,611	136,124,359
INFRASTRUCTURE		1,316,009,610		1,316,009,610	79,712,063		(1,348,946)		(18,111)	1,394,354,615	2,214,836,223
HERITAGE ASSETS		0		-							36,631,059
OTHER ASSETS		79,123,058	-	79,123,058	15,233,476		(5,084,179)		18,303	89,290,657	114,696,859
INTANGIBLE ASSETS		1,426,763		1,426,763	76,623					1,503,386	3,860,694
INVESTMENT PROPERTY		0		-						-	99,934,000
TOTAL		1,600,044,607	0	1,600,044,607	101,941,158	0	(7,177,497)	0	-	1,694,808,269	2,834,693,268

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

Classification of Assets	Accumulated Depreciation 2022/23									
	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	-		-						-	220 698,883
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	105,775,814
INTANGIBLE ASSETS	1,350,348		1,350,348	76,415					1,426,763	3,937,319
INVESTMENT PROPERTY	-		-						-	96,156,600
TOTAL	1,514,552,875	0	1,514,552,875	93,973,087	0	(9,079,531)	598,176	0	1,600,044,607	2,698,000,219

BREEDE VALLEY MUNICIPALITY

APPENDIX C

STATISTICAL INFORMATION

		2024	2023	2022
(1) General Statistics				
(a) Population.	±			
(b) Valuation				
(i) Taxable				
Land		11,017,344,100	11,050,824,800	11,292,429,000
Improvements		22,306,782,800	22,012,758,600	21,573,536,500
(ii) Non Taxable				
Land				
Improvements				
(iii) Date of Last General Valuation		7/1/2021	7/1/2021	7/1/2021
(c) Number of properties				
Residential		21,031	21,605	21,237
Commercial		1,071	1,210	1,327
Welfare Institutions		264	249	241
Agri/Farms		1,897	1,916	1,917
Industrial		235	234	233
Public Serv. Infrastructure		360	361	342
National Monuments		23	23	26
Municipal Properties		4,501	3,679	3,554
State		108	110	131
Mine		6	6	5
(d) Assessment Rate: Cent in the Rand		0.008682 + 1.73650	0.008118 + 1.6236	0.0077 + 0.0154
(e) Number of Employees				
Employed				
Vacancies				
(2) Electrical Statistics				
(a) Number of users	±	27,653	27,653	27,653
(b) Units bought	kWh	260,153,568.62	247,318,165.53	282,707,482.87
(c) Units sold	kWh	244,759,758.00	232,221,706.30	261,714,667.80
(d) Units lost in distribution	kWh	15,393,810.62	15,096,459.23	20,992,815.07
(e) Percentage of units lost in distribution		6%	6%	7%
(f) Cost per unit bought	R	2.35	1.83	4.09
(g) Loss in distribution	R	36,207,731.56	27,551,947.91	85,898,463.68
(h) Cost per unit sold	R	2.50	1.94	4.42
(i) Income per unit sold	R	2.48	2.04	1.88
(3) Water Statistics				
(a) Number of users	±	27,950	27864	27864
(b) Units supplied	Kl	14,798,413.00	14,119,937.00	14,168,718.00
(c) Units sold	Kl	12,921,004.00	12,102,246.00	11,741,327.00
(d) Units lost in distribution	Kl	1,877,409.00	2,017,691.00	2,427,391.00
(e) Percentage of units lost in distribution		12.69%	14.29%	17.13%
(f) Cost per unit supplied	R	4.52	4.40	5.39
(g) Loss in distribution	R	8,494,691.85	8,878,643.98	13,073,697.32
(h) Cost per unit sold	R	5.18	5.13	6.50
(i) Income per unit sold	R	8.54	8.74	8.87
(4) Sundry Statistics				
(a) Area in km²		3833	3833	3833
(b) Previous election		70002	70002	70002
Number of registered voters				
% poll				
(c) Building survey:				
(i) Building plans				
Number passed		571	550	690
Value passed (R '000)		632,298,000	589,780,300	632,151,000
(ii) Inspections performed	±	3000	4504	4284
(d) Housing				
(i) Number of dwelling units		2498	2498	1760
(ii) Number of people acc	±	2457	2451	5280
(iii) Number of people on waiting list		20123	20123	19000
(e) Fire service stations		3	3	3

BREDE VALLEY MUNICIPALITY																			
Annual Financial Statements for the year ended 30 June 2024																			
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED																			
NAME OF GRANTS	Name of origin of state or Municipality Entity	Balance 1 July 2023	Quarterly Receipts				Quarterly Expenses				Balance 30 June 2024	Grants and subsidies delayed/ withheld				Reason for delay/ withholding of funds	Comply with the grant conditions in terms of Ideal DOIA	Reason for Non-Compliance	
			Sept 2023	Dec 2023	March 2024	June 2024	Sept 2023	Dec 2023	March 2024	June 2024		Sept 23	Dec 23	March 24	June 24				
Equitable Share	National	-	67,689,000	51,271,000	43,492,839	-	67,689,000	51,271,000	43,492,839	-	-	-	-	-	-	Not applicable	Yes	None	
Financial Management grant	National	-	1,550,000	-	-	-	83,404	199,904	705,079	551,613	-	-	-	-	-	Not applicable	Yes	None	
EPWP: National	National	-	1,268,000	2,262,000	1,239,000	-	1,268,000	2,262,000	1,239,000	-	-	-	-	-	-	Not applicable	Yes	None	
Municipal Infrastructure Grant	National	-	16,500,000	10,250,000	11,143,000	-	6,045,538	9,810,582	165,941	21,880,940	-	-	-	-	-	Not applicable	Yes	None	
Integrated National Electrification Grant	National	530	4,500,000	-	15,738,000	-	-	3,457,988	227,895	16,552,850	-	-	-	-	-	Not applicable	Yes	None	
Energy Efficiency and Demand-Side Management Grant	National	247,801	-	3,000,000	1,000,000	-	-	-	2,690,425	1,557,375	-	-	-	-	-	Not applicable	Yes	None	
Water Services Infrastructure Grant	National	831,508	-	-	-	-	-	-	-	831,508	-	-	-	-	-	Not applicable	Yes	None	
Municipal Disaster Recovery Grant	National	8,379,594	-	-	-	-	-	-	8,379,594	-	-	-	-	-	-	Not applicable	Yes	None	
Public Libraries- Operational	Provincial	-	4,025,000	4,024,000	3,174,000	1,304	2,810,788	2,993,553	3,020,486	2,390,478	-	-	-	-	-	Not applicable	Yes	None	
Public Libraries- Capital	Provincial	1,304	-	-	1,171,000	-	-	-	-	284,414	-	-	-	-	-	Not applicable	Yes	Project ongoing	
Provincial Contribution Towards The Acceleration of Housing Delivery	Provincial	-	-	-	34,000,000	-	-	-	25,217,391	4,529,016	-	-	-	-	-	Not applicable	Yes	Project ongoing	
National Roads Agency	Provincial	-	-	-	-	-	142,972	-	-	142,972	-	-	-	-	-	Not applicable	Yes	None	
CDW Grant	Provincial	82,065	-	94,000	-	-	951	48,980	22,954	40,379	62,822	-	-	-	-	Not applicable	Yes	Project ongoing	
Financial Management Capacity Building Grant	Provincial	480,000	-	100,000	-	-	-	480,000	-	-	100,000	-	-	-	-	Not applicable	Yes	Project ongoing	
RSEP Operational	Provincial	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Not applicable	Yes	None	
RSEP Capital	Provincial	-	-	1,100,000	-	-	-	6,500	-	29,800	1,061,700	-	-	-	-	Not applicable	Yes	Project ongoing	
Thusong Centre	Provincial	-	-	-	120,000	-	-	-	105,549	11,451	-	-	-	-	-	Not applicable	Yes	None	
Municipal Service Delivery and Capacity Building Grant	Provincial	-	-	-	700,000	-	-	-	-	473,422	226,578	-	-	-	-	Not applicable	Yes	Project ongoing	
Municipal Water Resilience Grant	Provincial	379,114	-	-	-	-	-	-	53,492	206,369	119,254	-	-	-	-	Not applicable	Yes	Project ongoing	
Municipal Accreditation & Capacity Building Grant	Provincial	-	481,000	-	-	-	-	163,687	122,750	128,903	75,681	-	-	-	-	Not applicable	Yes	Project ongoing	
Provincial Earmarked (Accelerated) Grant Funding	Provincial	3,400,000	-	-	-	-	-	-	-	-	3,400,000	-	-	-	-	Not applicable	Yes	Project ongoing	
Disaster Management Grant	Provincial	14,557	-	-	-	-	-	-	-	14,557	-	-	-	-	-	Not applicable	Yes	None	
Fire Service Capacity Building Grant	Provincial	-	-	-	1,103,000	-	-	-	-	-	1,103,000	-	-	-	-	Not applicable	Yes	Project ongoing	
Title Deeds	Provincial	2,144,588	-	-	-	-	-	-	143,805	139,686	1,861,117	-	-	-	-	Not applicable	Yes	Project ongoing	
Informal Settlements Upgrading Partnership Grant	Provincial	-	-	-	-	2,771,840	-	-	-	15,000	2,756,840	-	-	-	-	Not applicable	Yes	Project ongoing	
LGWSETA	Other	-	69,713	-	491,782	207,860	69,713	-	491,782	207,860	-	-	-	-	-	Not applicable	Yes	Project ongoing	
CWDM: Operational	Other	482,000	-	-	-	1,726,000	-	-	-	500,000	1,688,000	-	-	-	-	Not applicable	Yes	Project ongoing	
		18,423,081	98,092,713	72,021,000	113,472,621	4,849,776	77,988,394	70,716,151	86,071,781	59,487,372	17,597,475								

BREEDE VALLEY MUNICIPALITY														
Annual Financial Statements for the year ended 30 June 2024														
APPENDIX D: GRANTS AND SUBSIDIES RECEIVED														
NAME OF GRANTS	Name of organ of state or Municipality Entity	Balance 01/07/23	Quarterly Receipts			Quarterly Expenses				Balance 30 June 2024	Grants and subsidies delayed/ withheld			
			Sept 2023	Dec 2023	March 2024	June 2024	Sept 2023	Dec 2023	March 2024	June 2024	Sept 23	Dec 23	March 24	June 24
SUMMARY		Balance 01/07/23	Sept 2023	Dec 2023	March 2024	June 2024	Sept 2023	Dec 2023	March 2024	June 2024	Balance 30/06/2024			
		16,423,061		286,436,110					285,281,697		17,597,475			
Register : summary	Undiluted Balance 01/07/2023	Debit Balance 01/07/2023	Recapitulated 01/07/2023 - 30/06/2024	Other Income	Capital Donated	Written - off	Conditions met Income statement Operating	Conditions met Income statement Capital	Rebilled	To Other Debtors	Balance 30/06/2024			
	16,423,061	-	285,354,987	1,079,839	-	-	(165,954,057)	(97,746,497)	(480,000)	1,079,839	17,597,475			
		16,423,061	286,434,806	286,434,806			(284,180,553)	(284,180,553)			18,877,314			

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

Description	2023/24							2022/23	
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (28 February 2024)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2023/2024)	Final Budget	Actual Outcome	Variance	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9
Revenue - Standard									
Governance and administration	266,407	10,433	276,840	-	-	276,840	291,185	14,345	289,410
Executive and council	105	1,001	1,106	-	-	1,106	1,055	(52)	1,239
Finance and administration	266,302	9,432	275,734	-	-	275,734	290,130	14,397	288,171
Internal audit	-	-	-	-	-	-	-	-	-
Community and public safety	296,225	(124,186)	172,038	-	900	172,938	126,444	(46,494)	170,938
Community and social services	14,101	1,022	15,123	-	(200)	14,923	13,760	(1,162)	13,184
Sport and recreation	10,367	(5,081)	5,286	-	1,100	6,386	4,343	(2,043)	3,818
Public safety	244,210	(125,302)	118,908	-	-	118,908	74,624	(44,284)	97,329
Housing	27,547	5,174	32,721	-	-	32,721	33,717	996	56,606
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	22,519	4,457	26,976	-	(900)	26,076	27,173	1,097	22,225
Planning and development	2,959	-	2,959	-	(900)	2,059	1,586	(473)	2,515
Road transport	19,560	4,457	24,017	-	-	24,017	25,587	1,570	19,710
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	955,487	41,019	996,506	-	-	996,506	1,006,717	10,211	875,100
Energy sources	579,425	29,000	608,425	-	-	608,425	610,439	2,014	502,036
Water management	145,023	(2,156)	142,865	-	-	142,865	137,401	(5,465)	133,634
Waste water management	156,997	14,460	171,457	-	-	171,457	178,969	7,512	170,156
Waste management	74,042	(283)	73,759	-	-	73,759	79,909	6,150	69,274
Other	-	-	-	-	-	-	-	-	13
Total Revenue - Standard	1,540,638	(68,278)	1,472,360	-	-	1,472,360	1,451,520	(20,841)	1,357,686
Expenditure - Standard									
Governance and administration	300,988	(2,426)	298,562	-	9,610	308,172	307,021	(1,151)	256,793
Executive and council	41,730	4,345	46,075	-	4,291	50,366	49,953	(413)	43,173
Finance and administration	254,642	(6,755)	247,887	-	5,313	253,200	252,883	(316)	209,863
Internal audit	4,616	(16)	4,600	-	7	4,606	4,185	(421)	3,757
Community and public safety	346,303	(78,601)	267,702	-	(33,883)	233,819	212,473	(21,346)	219,839
Community and social services	34,778	1,691	36,470	-	1,263	37,732	35,446	(2,286)	33,290
Sport and recreation	33,248	1,870	35,118	-	2,203	37,321	37,166	(155)	33,303
Public safety	249,684	(87,977)	161,706	-	(37,528)	124,179	117,324	(6,855)	133,766
Housing	28,498	5,815	34,313	-	179	34,492	22,454	(12,038)	19,398
Health	95	-	95	-	-	95	83	(12)	83
Economic and environmental services	91,975	241	92,217	-	106	92,323	88,519	(3,804)	82,252
Planning and development	23,752	447	24,199	-	(609)	23,591	22,600	(991)	19,218
Road transport	67,784	(96)	67,688	-	715	68,403	65,707	(2,695)	62,583
Environmental protection	439	(110)	329	-	-	329	211	(118)	450
Trading services	743,568	47,151	790,719	-	23,388	814,106	787,078	(27,029)	677,087
Energy sources	527,507	4,378	531,885	-	20,494	552,378	536,941	(15,438)	460,402
Water management	76,906	24,782	101,688	-	(3,840)	97,848	93,915	(3,933)	78,466
Waste water management	86,568	7,944	94,502	-	3,789	98,291	90,891	(7,399)	81,255
Waste management	52,597	10,046	62,644	-	2,946	65,589	65,330	(259)	56,965
Other	1,126	(180)	946	-	676	1,622	1,268	(354)	412
Total Expenditure - Standard	1,483,960	(33,816)	1,450,144	-	(103)	1,450,042	1,395,358	(53,684)	1,236,383
Surplus/(Deficit) for the year	56,678	(34,462)	22,216	-	103	22,319	55,162	32,843	121,303

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

Description	2023/24						2022/23	
	Original Budget	Budget Adjustments (i.l.o. MFMA s28)	Final Adjustments budget (28 February 2024)	Shifting of Funds (i.l.o. MFMA s31)	Virements (Budget Virement Policy 2023/2024)	Final Budget	Actual Outcome	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8
Revenue by Vote								9
Vote 1 - Council General	105	1,001	1,106	-	-	1,106	1,055	(52)
Vote 2 - Municipal Manager	500	-	500	-	-	500	500	-
Vote 3 - Strategic Support Services	2,225	(1,234)	991	-	-	991	1,051	60
Vote 4 - Financial Services	260,475	11,603	272,078	-	-	272,078	283,665	11,587
Vote 5 - Community Services	310,090	(125,021)	185,069	-	(200)	184,869	138,665	(46,204)
Vote 6 - Technical Services	-	-	-	-	-	-	-	-
Vote 7 - Engineering Services	579,410	29,000	608,410	-	-	608,410	613,270	4,860
Vote 8 - Public Services	367,833	16,374	404,206	-	200	404,406	413,313	8,907
Total Revenue by Vote	1,540,638	(68,278)	1,472,360	-	-	1,472,360	1,451,520	(20,841)
Expenditure by Vote to be appropriated								
Vote 1 - Council General	37,280	4,368	41,649	-	(1,209)	40,439	39,717	(722)
Vote 2 - Municipal Manager	12,146	(11)	12,135	-	5,555	17,690	17,096	(593)
Vote 3 - Strategic Support Services	88,931	7,696	96,627	-	7,502	104,129	102,053	(2,076)
Vote 4 - Financial Services	149,015	(13,969)	135,046	-	1,861	136,908	131,541	(5,366)
Vote 5 - Community Services	349,537	(79,719)	269,818	-	(36,899)	232,918	215,122	(17,797)
Vote 6 - Technical Services	-	-	-	-	-	-	-	-
Vote 7 - Engineering Services	540,318	4,345	544,662	-	16,794	561,457	549,040	(12,416)
Vote 8 - Public Services	306,733	43,474	350,207	-	6,294	356,500	341,787	(14,713)
Total Expenditure by Vote	1,483,960	(33,816)	1,450,144	-	(103)	1,450,042	1,396,358	(53,684)
Surplus/(Deficit) for the year	56,678	(34,462)	22,216	-	103	22,319	55,162	32,843
								1,236,383
								121,303

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

Description	2023/24								2022/23
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (28 February 2024)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2023/2024)	Final Budget	Actual Outcome	Variance	
R thousands	1	2	3	4	5	6	7	8	9
Economic and environmental services	49,630	19,889	69,529	-	(5,012)	64,517	45,952	(18,565)	49,489
Planning and development	5	90	95	-	-	95	85	(10)	1,357
Road transport	49,625	19,809	69,434	-	(5,012)	64,422	45,867	(18,555)	48,133
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	104,429	105,981	210,410	-	2,212	212,622	178,531	(34,091)	179,052
Electricity	41,418	46,412	87,830	-	(1,330)	86,500	78,411	(8,089)	48,544
Water	13,225	16,363	29,588	-	(4,326)	25,262	23,156	(2,106)	38,497
Waste water management	48,786	43,026	91,812	-	8,048	99,860	75,988	(23,872)	91,252
Waste management	1,000	180	1,180	-	(180)	1,000	976	(24)	760
Other	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	190,531	102,726	293,257	-	103	293,359	234,621	(58,739)	270,819
Funded by:									
National Government	64,847	5,843	70,690	-	-	70,690	67,680	(3,010)	65,458
Provincial Government	1,950	34,321	36,271	-	-	36,271	30,067	(6,204)	19,418
District Municipality	-	-	-	-	-	-	-	-	548
Other transfers and grants	-	-	-	-	-	-	-	-	19
Transfers recognised - capital	66,797	40,164	106,961	-	-	106,961	97,746	(9,214)	85,442
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	28,069	46,185	74,254	-	-	74,254	56,598	(17,656)	104,458
Internally generated funds	95,665	16,377	112,042	-	103	112,144	80,276	(31,869)	80,918
Total Capital Funding	190,531	102,726	293,257	-	103	293,359	234,621	(58,739)	270,819

Appendix H Budget Cash Flow

WC025 Breede Valley - Reconciliation of Table A7 Budgeted Cash Flows

Description	2023/24						2022/23	
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final Adjustments budget (28 February 2024)	Shifting of Funds (i.t.o. MFMA s31)	Virements (Budget Virement Policy 2023/2024)	Final Budget	Actual Outcome	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								9
Receipts								
Ratepayers and other	970,052	(3,745)	966,307	-	-	966,307	1,034,062	67,755
Government - operating	186,796	1,450	188,246	-	-	188,246	187,216	(1,030)
Government - capital	66,797	31,605	98,402	-	-	98,402	97,659	(743)
Interest	36,108	5,737	41,845	-	-	41,845	31,838	(10,007)
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(1,129,843)	(3,812)	(1,133,655)	-	-	(1,133,655)	(1,063,381)	70,274
Finance charges	(40,560)	-	(40,560)	-	-	(40,560)	(28,217)	12,344
Transfers and Grants	(6,138)	(4,207)	(10,345)	-	-	(10,345)	(3,069)	7,276
NET CASH FROM/(USED) OPERATING ACTIVITIES	83,211	27,029	110,240	-	-	110,240	256,108	145,869
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	-	-	-	-	-	3,490	3,490
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (Increase) other non-current receivables	50	-	50	-	-	50	(1,146)	(1,196)
Decrease (Increase) in non-current investments	-	-	-	-	-	-	(14,767)	(14,767)
Payments								
Capital assets	(190,531)	(102,726)	(293,257)	-	-	(293,257)	(250,957)	42,299
NET CASH FROM/(USED) INVESTING ACTIVITIES	(190,481)	(102,726)	(293,207)	-	-	(293,207)	(263,361)	29,826
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	28,069	53,385	81,454	-	-	81,454	74,000	(7,454)
Increase (decrease) in consumer deposits	100	-	100	-	-	100	(31)	(131)
Payments								
Repayment of borrowing	(20,693)	-	(20,693)	-	-	(20,693)	(22,208)	(1,515)
NET CASH FROM/(USED) FINANCING ACTIVITIES	7,476	53,385	60,862	-	-	60,862	51,760	(9,101)
NET INCREASE/ (DECREASE) IN CASH HELD	(99,793)	(22,312)	(122,106)	-	-	(122,106)	44,488	166,594
Cash/cash equivalents at the year begin:	167,931	(9,178)	158,753	-	-	158,753	148,753	(10,000)
Cash/cash equivalents at the year end:	68,137	(31,490)	36,648	-	-	36,648	193,241	156,594

BREDE VALLEY MUNICIPALITY							
Annual Financial Statements for the year ended 30 June 2024							
Appendix I: DEVIATIONS FOR THE 2023/2024 FINANCIAL YEAR							
No	Deviation Reference	Directorate	Department	Reason For Deviation (Deviation Category)	Short Summary of Deviation	Approved Amount	Approved Service Provider/ Contractor/ Supplier
1	BVD 611	Community Services	Traffic	Exceptional case where it is impractical or impossible to follow a normal procurement process	To obtain the services of a service provider to manage the municipal pound to the BVM.	320,000.00	Sandy's Eden
2	BVD 613	Community Services	Fire Department	Emergency	Caterer to provide food for flood victims at Rawsonville.	34,000.00	Fabulous Foods
3	BVD 614	Community Services	Fire Department	Emergency	Supply and delivery of mattresses to flood victims at Rawsonville.	43,620.00	Leaders Furniture's
4	BVD 616	Municipal Manager	Internal Auditors	Exceptional case where it is impractical or impossible to follow a normal procurement process	Annual membership to the association of certified fraud examiners.	11,400.00	ACFE
5	BVD 615	Community Services	Library	Exceptional case where it is impractical or impossible to follow a normal procurement process	Newspaper adverts and subscription	Rates based	Media 24 24 Independent Newspapers Arena Holdings
6	BVD 617	Engineering Services	Engineering Services	Exceptional case where it is impractical or impossible to follow a normal procurement process	Registration fees for IMESA (Institute of Municipal Engineering South Africa) Conference	6,700.00	IMESA
7	BVD 618	Engineering Services	Electrical Services	Emergency	Emergency repairs at HEYNS ring main unit	9,758.90	De Kock & Cronje
8	BVD 619	Community Services	Traffic	Sole provider	Calibration of vehicle testing centre equipment	23,920.00	Fulcrum Technologies
9	BVD 620	Municipal Manager	Internal Auditors	Exceptional case where it is impractical or impossible to follow a normal procurement process	16th Annual ACFE conference and exhibition 2023	10,500.00	ACFE
10	BVD 621	Finance	Compliance And Good Governance	Exceptional case where it is impractical or impossible to follow a normal procurement process	Annual membership to SAICA	10,362.50	SAICA
11	BVD 624	SSS	Admin And Support	Exceptional case where it is impractical or impossible to follow a normal procurement process	Scrubbing and sealing of town hall floor	88,500.00	Leaders Fumitures
12	BVD 622	Community Services	Traffic	Exceptional case where it is impractical or impossible to follow a normal procurement process.	Security guards' services to sites and buildings of BVM.	Rates based	Fidelity Security Services
13	BVD 623	Community Services	Traffic	Exceptional case where it is impractical or impossible to follow a normal procurement process.	Security guards' services to sites and buildings of BVM.	Rates based	Capital Security
14	BVD 625	Community Services	Community Services	Exceptional case where it is impractical or impossible to follow a normal procurement process.	Imps-SA National conference 17-20 October 2023	4,000.00	IMPS-SA
15	BVD 626	Community Services	Human Resources	Sole Provider	Certification of lifesavers	134,319.25	SA Lifesavings
16	BVD 627	Public Services	Water and Wastewater Treatment	Sole Provider	Supply and delivery of Colliert reagents and test kits for microbial drinking water quality compliance	135,741.34	IDEXX
17	BVD 628	Municipal Manager	Risk	Exceptional case where it is impractical or impossible to follow a normal procurement process.	Catch-up annual software licence fee-barn owl system	17,250.00	IDI Technology Solutions
18	BVD 629	Strategic Support Services	Human Resources	Exceptional case where it is impractical or impossible to follow a normal procurement process.	Provision of hr support system (sage) direct hire (dot360-risk assessment module	Rates based	MCI Consultants
19	BVD 630	Public Services	Water and Wastewater Treatment	Exceptional case where it is impractical or impossible to follow a normal procurement process.	Repair worcester WWEW chlorine station	119,128.73	MAXAL Projects SA
20	BVD 631	Community Services	Library	Sole provider	Professional body registration for libraries	3,630.00	LIASA
21	BVD 632	Community Services	Fire Department	Exceptional case where it is impractical or impossible to follow a normal procurement process	Registration fees conference for drone in disaster management	6,900.00	QP DRONE TECH
22	BVD 633	SSS	Human Resources	Exceptional case where it is impractical or impossible to follow a normal procurement process	Registration fees for IMPSA conference	11,675.00	IMPSA
23	BVD 634	Engineering Services	Engineering Services	Exceptional case where it is impractical or impossible to follow a normal procurement process	Registration fees for SANCOLD	9,425.00	SANCOLD
24	BVD 636	Public Services	Water And Wastewater Treatment	Exceptional case where it is impractical or impossible to follow a normal procurement process	Repair gas detector used for confined space entry after servicing the gas meter	2,852.00	Pinnacle Instruments
25	BVD 637	Municipal Manager	Internal Auditors	Exceptional case where it is impractical or impossible to follow a normal procurement process	Training assurance compliance workshop	4,600.00	Ignite Advisory
26	BVD 638	Community Services	Fire Department	Exceptional case where it is impractical or impossible to follow a normal procurement process	Annual fees to legislated body in terms of veld and forest act	17,526.00	Winelands Fire Protection Association
27	BVD 639	SSS	ICT	Exceptional case where it is impractical or impossible to follow a normal procurement process	Cell phone contract for standby at IT department	7,176.00	MTN

BREDE VALLEY MUNICIPALITY							
Annual Financial Statements for the year ended 30 June 2024							
Appendix I: DEVIATIONS FOR THE 2023/2024 FINANCIAL YEAR							
No	Deviation Reference	Directorate	Department	Reason For Deviation (Deviation Category)	Short Summary of Deviation	Approved Amount	Approved Service Provider/ Contractor/ Supplier
28	BVD 640	Community Services	Traffic	Exceptional case where it is impractical or impossible to follow a normal procurement process	Security guards' services to sites and buildings of BVM	Rates based	Fidelity Security Services
29	BVD 641	Community Services	Traffic	Exceptional case where it is impractical or impossible to follow a normal procurement process	Security guards' services to sites and buildings of BVM	Rates based	Capital Security Boland
30	BVD 642	Engineering Services	Electrical Services	Emergency	Repairs of AAN de Doorns 66/11 KV transfer 20 MVA	Rates based	Transformer Field Services
31	BVD 643	Community Services	Traffic	Emergency	Provisioning of security services - guards for flood victims in the DRC church hall Rawsonville	89,139.98	Capital Security Boland
32	BVD 635	Community Services	Traffic	Exceptional case where it is impractical or impossible to follow a normal procurement process	To obtain the services of a service provider to manage the municipal pound to the BVM	Rates based	Sandy Animal Rescue
33	BVD 644	Finance	Stores	Emergency	Supply and delivery of scientific granular HTH	Rates based	Chlorcape
34	BVD 646	Community Services	Traffic	Sole provider	Procurement of sabs booklets for vehicle testing centre	4,531.00	SABS
35	BVD 647	SSS	ICT	Emergency	Emergency strip and quote, repairs of ICT ups	Rates based	Breerivier Kommunikasie
36	BVD 648	SSS	Human Resources	Exceptional case where it is impractical or impossible to follow a normal procurement process	Specialised training: roads and stormwater	18,377.00	Global Prospectus
37	BVD 649	Municipal Manager	Internal Auditors	Exceptional case where it is impractical or impossible to follow a normal procurement process	Annual membership to IRSMA	Rates based	THE INSTITUTE OF RISK MANAGEMENT SA
38	BVD 651	Finance	Financial Planning	Exceptional case where it is impractical or impossible to follow a normal procurement process	Evaluation of Artwork	33,812.50	THE VALUATOR ADVISORY
39	BVD 650	Engineering Services	Engineering Services	Exceptional case where it is impractical or impossible to follow a normal procurement process	Annual fees for SACPCMP professional body	5,229.68	SACPCMP
40	BVD 652	Public Services	Water and Wastewater Treatment	Emergency	Repair of main sewer pipe: De Doorns	3,089.10	WM Spilhouse
41	BVD 653	Engineering Services	Electrical Services	Sole provider	Conference fees (3rd electricity wheeling conference)	50,554.00	MILLA SA
42	BVD 656	SSS	Human Resources	Exceptional case where it is impractical or impossible to follow a normal procurement process	Occupational therapy	3,200.00	LO Marie Victor Occupational Therapy
43	BVD 657	SSS	Human Resources	Exceptional case where it is impractical or impossible to follow a normal procurement process	Rehabilitation outpatient	4,800.00	BOWL Rehabilitation
44	BVD 654	Community Services	Traffic	Exceptional case where it is impractical or impossible to follow a normal procurement process	To obtain the services of a service provider to manage the municipal pound to the BVM	320,000.00	Sandy Animal Welfare
45	BVD 655	SSS	ICT	Exceptional case where it is impractical or impossible to follow a normal procurement process	Renewal of red hat LINUX operating system (licence)	170,598.18	Datacentric
46	BVD 659	Municipal Manager	Internal Auditors	Exceptional case where it is impractical or impossible to follow a normal procurement process	Renewal of membership fees for internal auditors	18,808.84	THE INSTITUTE OF INTERNAL AUDITORS SA
47	BVD 660	Public Services	Water and Wastewater Treatment	Sole provider	Supply and deliver Colilert reagents and test kits for microbial drinking water quality compliance	230,464.65	IDEXX Laboratories
48	BVD 661	Public Services	Solid Waste	Sole provider	Cut and programming of new car key	6,612.50	ORBIT Worcester
49	BVD 662	Finance	Revenue	Emergency	Fixing all broken glass and windows at Touwsrivier municipal offices	8,968.18	Van Niekerk Glas
50	BVD 663	Public Services	Building Control	Exceptional case where it is impractical or impossible to follow a normal procurement process	Subscription to an ESRI ARCGIS online/ hosted platform	200,000.00	ESRI South Africa
51	BVD 664	Finance	Financial Planning	Exceptional case where it is impractical or impossible to follow a normal procurement process	Procurement of CaseWare licenses to compile the annual financial statements	145,056.99	Adapt IT
52	BVD 665	Public Services	Roads and Stormwater	Emergency	Stormwater improvement on victory way, fairway heights, Worcester	652,372.08	Eyethu Alpha (Pty) Ltd
53	BVD 666	Engineering Services	Electrical Services	Exceptional case where it is impractical or impossible to follow a normal procurement process	Examine, repair and investigate GPS module and reprogramming of radio	1,300.00	Breerivier Kommunikasie
54	BVD 667	Public Services	Solid Waste	Emergency	Rental of refuse compactors	832,000.00	Zamampi (Pty) Ltd
55	BVD 668	Finance	Financial Planning	Exceptional Case	Appointment of service provider to conduct an external audit of landfill sites and perform a calculation on the rehabilitation cost provisions of municipal landfill sites	110,549.50	JPCE Specialist Consulting Engineers
56	BVD 672	Public Services	Water and Wastewater Treatment	Emergency	Supply and deliver gearbox for screw pump- Worcester WWTW	317,380.57	Trautman Trading
57	BVD 673	Public Services	Solid Waste	Exceptional Case	Strip and quote- variable speed drives at Worcester MRF	19,350.00	Boland Electrical
58	BVD 676	Finance	Revenue	Emergency	To mailing services: actual postage	96,731.70	CAB Holdings
59	BVD 671	Public Services	Solid Waste	Emergency	Hiring of ablation and multi-purpose facility at De Doorns landfill site	15,226.60	Boland Toilet Hire
Total value of deviations approved for the year						4,391,137.77	

BREDE VALLEY MUNICIPALITY														
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024														
APPENDIX J: INVESTMENTS														
Date Invested	Institution	ID	Account Number	Confirmation Received	Rate	Period	Amount	Maturity Date	Withdrawn	Date Received	Receipt Number	Expected Interest	Interest Received	Difference
												0.00		0.00
23/Mar/23	ABSA	478	2080984323	YES	8.50%	120	5,000,000	21/Jul/23	5,000,000	21/Jul/23	5000447288	139,726.03	139,726.03	0.00
23/Mar/23	STANDARD	479	288460898-098	YES	8.475%	123	5,000,000	24/Jul/23	5,000,000	24/Jul/23	5000447302	142,797.95	142,797.95	0.00
												0.00		0.00
													282,523.98	
												0.00		0.00
17/Aug/23	NEDBANK	480	03/7881531576/322	YES	8.50%	32	10,000,000	18/Sep/23	10,000,000	19/Sep/23	5000449107	74,520.55	74,520.55	0.00
17/Aug/23	FNB	481	76203808070	YES	8.61%	32	10,000,000	18/Sep/23	10,000,000	19/Sep/23	5000449106	75,484.93	75,484.93	0.00
17/Aug/23	STANDARD	482	288460898-099	YES	8.850%	33	10,000,000	19/Sep/23	10,000,000	19/Sep/23	5000449108	80,013.70	80,013.70	0.00
												0.00		0.00
													230,019.18	
												0.00		0.00
17/Aug/23	ABSA	483	2081207756	YES	8.71%	60	10,000,000	16/Oct/23	10,000,000	16/Oct/23	5000450043	143,178.08	143,178.08	0.00
17/Aug/23	STANDARD	484	288460898-100	YES	8.925%	61	10,000,000	17/Oct/23	10,000,000	17/Oct/23	5000450117	149,157.53	149,157.53	0.00
												0.00		0.00
													292,335.61	
												0.00		0.00
17/Aug/23	FNB	485	76203808096	YES	8.87%	92	10,000,000	17/Nov/23	10,000,000	17/Nov/23	4000471327	223,572.60	223,572.60	0.00
17/Aug/23	STANDARD	486	288460898-101	YES	9.025%	92	10,000,000	17/Nov/23	10,000,000	17/Nov/23	4000471328	227,479.45	227,479.45	0.00
18/Oct/23	STANDARD	489	288460898-102	YES	8.875%	33	10,000,000	20/Nov/23	10,000,000	20/Nov/23	5000450757	80,239.73	80,239.73	0.00
												0.00		0.00
													531,291.78	
												0.00		0.00
17/Aug/23	NEDBANK	487	03/7881531576-323	YES	8.98%	123	10,000,000	18/Dec/23	10,000,000	18/Dec/23	5000451366	302,613.70	302,613.70	0.00
18/Oct/23	NEDBANK	490	03/7881531576/324	YES	8.79%	61	5,000,000	18/Dec/23	5,000,000	18/Dec/23	5000451365	73,450.68	73,450.68	0.00
												0.00		0.00
													376,064.38	
												0.00		0.00
18/Oct/23	ABSA	491	2081275535	YES	8.94%	90	5,000,000	16/Jan/24	5,000,000	17/Jan/24	4000473521	110,219.18	110,219.18	0.00
17/Aug/23	ABSA	488	2081207853	YES	9.29%	153	10,000,000	17/Jan/24	10,000,000	18/Jan/24	2000366946	389,416.44	389,416.44	0.00
												0.00		0.00
													499,635.62	
												0.00		0.00
19/Dec/23	NEDBANK	492	03/7881531576/327	YES	8.95%	62	5,000,000	19/Feb/24	5,000,000	19/Feb/24	5000453283	76,013.70	76,013.70	0.00
19/Dec/23	STANDARD	493	288460898-104	YES	9.175%	62	5,000,000	19/Feb/24	5,000,000	19/Feb/24	5000453282	77,924.66	77,924.66	0.00
												0.00		0.00
													153,938.36	
												0.00		0.00
19/Dec/23	ABSA	494	2081358953	YES	9.24%	90	10,000,000	18/Mar/24	10,000,000	18/Mar/24	5000454471	227,835.62	227,835.62	0.00
19/Dec/23	STANDARD	495	288460898-103	YES	9.250%	91	10,000,000	19/Mar/24	10,000,000	19/Mar/24	5000454513	230,616.44	230,616.44	0.00
												0.00		0.00
													458,452.06	
												0.00		0.00
19/Dec/23	ABSA	496	2081360160	YES	9.33%	120	5,000,000	17/Apr/24	5,000,000	17/Apr/24	4000476861	153,369.86	153,369.86	0.00
19/Dec/23	NEDBANK	497	03/7881531576/328	YES	9.10%	122	5,000,000	19/Apr/24	5,000,000	19/Apr/24	5000455715	152,082.19	152,082.19	0.00
												0.00		0.00
													305,452.05	
												0.00		0.00
23/Apr/24	ABSA	498	2081566940	YES	8.54%	34	10,000,000	27/May/24	10,000,000	27/May/24	2000371325	79,550.68	79,550.68	0.00
23/Apr/24	STANDARD	499	288460898-105	YES	9.025%	34	10,000,000	27/May/24	10,000,000	27/May/24	2000371326	84,068.49	84,068.49	0.00
												0.00		0.00
													163,619.17	
												0.00		0.00
23/Apr/24	FNB	500	76205886800	YES	8.67%	62	5,000,000	24/Jun/24	5,000,000	24/Jun/24	5000458932	73,635.62	73,635.61	0.01
23/Apr/24	STANDARD	501	288460898-106	YES	9.075%	62	10,000,000	24/Jun/24	10,000,000	24/Jun/24	5000458933	154,150.68	154,150.68	0.00
												0.00		0.00
													227,786.29	
												0.00		0.00
23/Apr/24	FNB	502	76205886727	YES	8.74%	90	5,000,000	22/Jul/24				107,753.42		107,753.42
23/Apr/24	STANDARD	503	288460898-107	YES	9.150%	91	10,000,000	23/Jul/24				228,123.29		228,123.29
												0.00		0.00
													0.00	
23/Apr/24	ABSA	504	2081567043	YES	9.28%	120	5,000,000	21/Aug/24				152,547.95		152,547.95
												0.00		0.00
													0.00	
23/Apr/24	ABSA	505	2081567491	YES	9.39%	150	5,000,000	20/Sep/24				192,945.21		192,945.21
												0.00		0.00
													0.00	
							220,000,000		195,000,000			4,202,488.36	3,521,118.48	681,369.88
							25,000,000							