

Annual Report
2011



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.



Financials



Consolidated Annual Financial Statements for the Period Ended 28 February 2011

The reports and statements set out below comprise the consolidated annual financial statements presented to the members:

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The following supplementary information does not form part of the financial statements and is unaudited:

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The Council members are required to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with specific accounting policies adopted. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with specific accounting policies adopted and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The Council members acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable priority on maintaining a strong control environment. To enable management to meet these responsibilities, the Council members set standards for internal control aimed at reducing the risk of error or loss 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 fund and all employees are required to maintain the highest ethical standards in ensuring the fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known forms of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Council members are 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 consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council members have reviewed the fund's cash flow forecast for the year to 28 February 2012 and, in the light of this review and the current financial position, they are satisfied that the fund has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Council members are primarily responsible for the financial affairs of the fund, they are supported by the fund's external auditors.

The external auditors are responsible for independently reviewing and reporting on the fund's consolidated financial statements. The consolidated annual financial statements have been examined by the fund's external auditors and their report is presented on pages 46 to 47.

The annual financial statements set out on pages 48 to 60, which have been prepared on the going concern basis, were approved by the Council members on 25 May 2011 and were signed on its behalf by:



Mr. J Letswalo



Mr. T Short





Independent Auditor's Report

To the members of the National Bargaining Council for the Road Freight and Logistics Industry

We have audited the group annual financial statements and annual financial statements of the National Bargaining Council for the Road Freight and Logistics Industry, which comprise:

- The consolidated and separate balance sheets for the period ended 28 February 2011;
- The consolidated and separate income statements for the period ended 28 February 2011;
- The consolidated and separate statements of changes in funds for the period ended 28 February 2011;
- The consolidated and separate statement of cash flows for the period ended 28 February 2011;
- A summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 60.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance basis of accounting set out in pages 53 and 54, and in the manner required by the Labour Relations Act of 1995, and for such internal controls as management deem necessary in preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying Group and Council annual financial statements of the National Bargaining Council for the Road Freight and Logistics Industry have been prepared in all material aspects, in accordance with the basis of accounting as set out in Note 1 of the financial statements, and in a manner required by the Labour Relations Act of 1995.

Other matters

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 61 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.

Restriction on use

The consolidated annual financial statements and separate annual financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated above. Consequently, the consolidated annual financial statements and annual financial statements and related auditor's report may not be suitable for another purpose.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: D Munu
Partner
Johannesburg

National Executive: GG Gelink - Chief Executive; AE Swiegers - Chief Operating Officer; GM Pinnock - Audit; DL Kenney - Risk Advisory; NB Kader - Tax & Legal Services; L Geeringh - Consulting; L Bam - Corporate Finance; JK Mazzocco - Human Resources; CR Beukman - Finance; TJ Brown - Clients; NT Mtoba - Chairman of the Board; MJ Comber - Deputy Chairman of the Board

A full list of partners and directors is available on request
B-BBEE rating: Level 2 contributor/AAA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited



Balance Sheets as at 28 February 2011

	Notes	Group		Main Council	
Figures in Rands		2011	2010	2011	2010
ASSETS					
Non Current Assets		868 013 126	713 166 156	154 076 478	127 764 683
Property, plant and equipment	2	39 343 510	30 789 441	38 978 827	30 309 714
Other financial assets	3	828 669 616	682 376 715	115 097 651	97 454 969
Current Assets		180 019 769	147 110 838	38 374 539	30 693 505
Inventories		149 430	86 797	149 430	86 797
Trade and other receivables	4	10 681 499	7 826 259	2 620 998	1 916 474
Cash and cash equivalents	5	169 188 840	139 197 782	35 604 111	28 690 234
Total assets		1 048 032 895	860 276 994	192 451 017	158 458 188
EQUITY AND LIABILITIES					
Equity		319 667 983	234 784 126	136 241 692	118 430 010
Reserves		13 232 137	9 820 258	3 532 393	3 532 393
Surplus funds		306 435 846	224 963 868	132 709 299	114 897 617
Non Current Liabilities		694 924 939	599 503 329	-	-
Industry employees trust account		694 924 939	599 503 329	-	-
Current Liabilities		33 439 973	25 989 539	56 209 325	40 028 178
Other financial liabilities	6	6 074 056	2 565 714	30 337 979	18 466 350
Trade and other payables	7	27 365 917	23 423 825	25 871 346	21 561 828
Total equity and liabilities		1 048 032 895	860 276 994	192 451 017	158 458 188

Income Statements for the Period Ended 28 February 2011

	Notes	Group		Main Council	
Figures in Rands		2011	2010	2011	2010
Income		178 499 159	160 764 460	102 154 469	91 733 950
Other Income		5 493 023	2 744 544	5 373 023	2 262 072
Operating expenses		(102 520 204)	(94 548 447)	(89 715 810)	(85 078 931)
Operating surplus		81 471 978	68 960 557	17 811 682	8 917 091
Surplus for the year		81 471 978	68 960 557	17 811 682	8 917 091

Statements of Changes in Funds for Period Ended 28 February 2011

Figures in Rands	Notes	Revaluation Reserve	Forfeitures Reserve	Total Reserve	Surplus Funds	Total Funds
GROUP						
Balance at 01 March 2009		3 532 393	7 174 285	10 706 678	156 003 311	166 709 989
Fair value gains, net of tax:						
Land and buildings		-	-	-	-	-
Net gains/loss recognised directly in equity		-	-	-	-	-
Surplus for the year:		-	-	-	68 960 557	68 960 557
Movement to forfeitures reserve		-	(886 420)	(886 420)	-	(886 420)
Balance at 01 March 2010		3 532 393	6 287 865	9 820 258	224 963 868	234 784 126
Fair value gains, net of tax:						
Land and buildings		-	-	-	-	-
Net gains/loss recognised directly in equity		-	-	-	-	-
Surplus for the period		-	-	-	81 471 978	81 471 978
Movement to forfeitures reserve		-	3 411 879	3 411 879	-	3 411 879
Balance at 28 February 2011		3 532 393	9 699 744	13 232 137	306 435 846	319 667 983
MAIN COUNCIL						
Balance at 01 March 2009		3 532 393	-	3 532 393	105 980 526	109 512 919
Fair value gains, net of tax:						
Land and buildings		-	-	-	-	-
Net gains/loss recognised directly in equity		-	-	-	-	-
Surplus for the year:		-	-	-	8 917 091	8 917 091
Balance at 01 March 2010		3 532 393	-	3 532 393	114 897 617	118 430 010
Changes						
Fair value gains, net of tax:						
Land and buildings		-	-	-	-	-
Net gains/loss recognised directly in equity		-	-	-	-	-
Surplus for the period		-	-	-	17 811 682	17 811 682
Balance at 28 February 2011		3 532 393	-	3 532 393	132 709 299	136 241 692

Statements of Cash Flows for the Period Ended 28 February 2011

	Notes	Group		Main Council	
Figures in Rands		2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	A	88 734 603	62 748 437	27 477 404	5 771 748
Transfer of forfeitures		3 411 879	(886 420)	-	-
Net cash inflow from operating activities		92 146 482	61 862 017	27 477 404	5 771 748
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(14 870 894)	(7 824 607)	(14 870 894)	(7 249 367)
Proceeds from sale of property, plant and equipment		78 420	102 386	78 420	102 386
Increase in other financial assets		(146 292 902)	(69 270 508)	(17 642 682)	(4 953 923)
Net cash outflow from investing activities		(161 085 376)	(76 992 729)	(32 435 156)	(12 100 904)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in other financial liabilities		3 508 342	(5 809 260)	11 871 629	(173 522)
Increase in industry employees trust account		95 421 610	72 705 922	-	-
Net inflow/(outflow) from financing activities		98 929 952	66 896 662	11 871 629	(173 522)
Net increase/(decrease) in cash and cash equivalents		29 991 058	51 765 950	6 913 877	(6 502 678)
Cash and cash equivalents at beginning of year		139 197 782	87 431 832	28 690 234	35 192 912
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	169 188 840	139 197 782	35 604 111	28 690 234

Notes to the Statements of Cash Flows for the Period Ended 28 February 2011

Notes	Group		Main Council	
Figures in Rands	2011	2010	2011	2010
A. RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH GENERATED FROM OPERATIONS				
Operating surplus	81 471 978	68 960 557	17 811 682	8 917 091
Adjustment for non cash items:	6 238 407	4 808 847	6 123 360	4 713 341
Depreciation and amortisation	6 249 912	4 807 942	6 134 865	4 712 436
(Gain)/Loss on disposal of property, plant and equipment	(11 505)	905	(11 505)	905
Adjustment for separately disclosable items:				
Interest received	(69 223 249)	(68 388 445)	(11 612 625)	(11 515 525)
Operating cash inflow before working capital changes	18 487 136	5 380 959	12 322 418	2 114 907
Working capital changes	1 024 219	(11 020 967)	3 542 361	(7 858 684)
Changes in inventories	(62 633)	54 055	(62 633)	54 055
Changes in trade and other receivables	(2 855 240)	(2 637 868)	(704 524)	325 713
Changes in trade and other payables	3 942 092	(8 437 154)	4 309 518	(8 238 452)
Cash generated from operations	19 511 354	(5 640 008)	15 864 779	(5 743 777)
Interest received	69 223 249	68 388 445	11 612 625	11 515 525
CASH GENERATED FROM OPERATING ACTIVITIES	88 734 603	62 748 437	27 477 404	5 771 748
B. CASH AND CASH EQUIVALENTS				
Bank balances	169 188 840	139 197 782	35 604 111	28 690 234
	169 188 840	139 197 782	35 604 111	28 690 234

Notes to the Consolidated Financial Statements as at 28 February 2011

Reporting Entity

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) is an organisation registered as a bargaining council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organisation changed its name from the National Bargaining Council for the Road Freight Industry (NBCRFI) to National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) with effect from the 23 July 2010. The consolidated financial statements of the NBCRFLI for the reporting date 28 February 2011 comprise the Main Council and its subsidiary funds (Holiday Pay Fund, Leave Pay Fund and Sick Pay Fund) and the organisation's interest in associated Wellness entities (Wellness Fund and AIDS Project Fund).

1. Accounting Policies

The consolidated annual financial statements are prepared in accordance with the entity specific accounting policies adopted by the Council. The consolidated financial statements, except for buildings and investments at fair value, have been prepared on the historical cost basis in accordance with the accounting policies set below.

The following are the principle accounting policies used by the Council which are consistent with those of the previous year.

1.1 Consolidation

The consolidated financial statements incorporate financial statements of the Main Council, its subsidiary funds and interests in the Wellness entities for the reporting date 28 February 2011. The financial statements are consolidated on the basis that the Main Council has control over the subsidiary funds and Wellness entities. Control exists when the Main Council has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All interfund transactions, balances and unrealised gains on transactions between the Main Council, the subsidiary funds and Wellness entities are eliminated on consolidation.

1.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and Buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent impairment losses and are not depreciated.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to equity in the revaluation reserve. The increase is recognised in the profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss.

Any decrease in an asset's carrying amount, as result of a revaluation, is recognised in the profit or loss in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation is calculated on cost, less residual value, using the straight-line method over their expected useful lives.

The useful lives applied are as follows:

Motor Vehicles	5 years
Furniture and Fittings	5 years
Office Equipment	5 years
IT Equipment	3 years
Computer Software	3 years
Containers	5 years

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

Notes to the Consolidated Financial Statements as at 28 February 2011 (continued)

1.3 Financial Instruments

Initial Recognition

The fund classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the fund's balance sheet when the fund becomes party to the contractual provisions of the instrument.

Loans

Loans are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Trade and Other Receivables

Trade receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and Other Payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Held to Maturity and Loans and Receivables

These financial assets are initially recognised at fair value plus direct transaction costs.

1.4 Employee Benefits

Defined Contribution Plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Council's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.5 Outstanding Levies

In accordance with past practices, levies due but unpaid at the end of the financial period have not been brought into account.

1.6 Interest Income

Interest income is recognised on a time proportion basis taking into account the effective interest rate over the period of maturity when it is determined that such income will accrue to the Council.

Notes to the Consolidated Financial Statements for the Period Ended 28 February 2011

2. Property, Plant And Equipment

Reconciliation of Property, Plant and Equipment

	2011			2010		
Figures in Rands	Cost / Valuation	Accumulated Depreciation	Carrying Amount	Cost / Valuation	Accumulated Depreciation	Carrying Amount
GROUP						
Land and buildings	25 114 799	-	25 114 799	18 647 019	-	18 647 019
Furniture and fittings	9 526 703	(5 165 816)	4 360 887	9 361 211	(3 517 676)	5 843 535
Motor vehicles	5 690 343	(5 092 954)	597 389	5 690 343	(4 862 756)	827 586
Office equipment	2 395 465	(1 120 997)	1 274 468	2 169 873	(669 941)	1 499 932
IT equipment	5 654 345	(4 216 504)	1 437 841	5 482 216	(3 440 099)	2 042 117
Computer software	11 604 093	(5 140 044)	6 464 049	4 518 568	(2 710 272)	1 808 296
Containers	134 395	(40 318)	94 077	134 395	(13 439)	120 955
	60 120 143	(20 776 633)	39 343 511	46 003 624	(15 214 184)	30 789 441

	2011			2010		
Figures in Rands	Cost / Valuation	Accumulated Depreciation	Carrying Amount	Cost / Valuation	Accumulated Depreciation	Carrying Amount
MAIN COUNCIL						
Land and buildings	25 114 799	-	25 114 799	18 647 019	-	18 647 019
Furniture and fittings	9 526 703	(5 165 816)	4 360 887	9 361 212	(3 517 676)	5 843 536
Motor vehicles	1 072 351	(745 568)	326 783	1 279 366	(810 552)	468 814
Office equipment	2 395 465	(1 120 997)	1 274 468	2 169 873	(669 941)	1 499 932
IT equipment	5 654 345	(4 216 504)	1 437 841	5 482 216	(3 440 098)	2 042 117
Computer software	11 604 092	(5 140 044)	6 464 048	4 518 567	(2 710 272)	1 808 295
	55 367 755	(16 388 928)	38 978 827	41 458 252	(11 148 539)	30 309 714

Notes to the Consolidated Financial Statements for the Period Ended 28 February 2011

2. Property, Plant And Equipment (continued) Reconciliation of Property, Plant and Equipment

Figures in Rands	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
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GROUP

28 FEBRUARY 2011

Opening carrying amount	18 647 019	5 843 535	827 586	1 499 932	2 042 117	1 808 296	120 956	30 789 441
Cost	18 647 019	9 361 211	5 690 343	2 169 873	5 482 216	4 518 568,00	134 395	46 003 625
Accumulated depreciation	-	(3 517 676)	(4 862 756)	(669 941)	(3 440 099)	(2 710 272)	(13 439)	(15 214 184)
Additions	6 467 780	184 892	-	225 592	907 105	7 085 524	-	14 870 894
Disposals at net book value	-	(5 335)	-	-	(61 580)	-	-	(66 915)
Current depreciation	-	(1 662 205)	(230 198)	(451 056)	(1 449 801)	(2 429 772)	(26 879)	(6 249 912)
Closing carrying amount	25 114 799	4 360 887	597 389	1 274 468	1 437 841	6 464 049	94 077	39 343 510
Cost	25 114 799	9 526 703	5 690 343	2 395 465	5 654 345	11 604 093	134 395	60 120 143
Accumulated depreciation	-	(5 165 816)	(5 092 954)	(1 120 997)	(4 216 504)	(5 140 044)	(40 318)	(20 776 633)

Figures in Rands	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
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GROUP

28 FEBRUARY 2010

Opening carrying amount	17 300 000	5 064 209	553 864	1 106 232	2 556 347	1 295 422	-	27 876 074
Cost	17 300 000	7 289 350	5 110 559	1 406 110	4 442 622	2 733 675	-	38 282 316
Accumulated depreciation	-	(2 225 141)	(4 556 695)	(299 878)	(1 886 275)	(1 438 253)	-	(10406242)
Additions	1 347 019	2 073 279	673 775	764 257	1 046 992	1 784 893	134 395	7 824 610
Disposals	-	(1 418)	(93 991)	(494)	(7 398)	-	-	(103 301)
Current depreciation	-	(1 292 535)	(306 061)	(370 063)	(1 553 824)	(1 272 019)	(13 439)	(4 807 942)
Closing carrying amount	18 647 019	5 843 535	827 586	1 499 932	2 042 117	1 808 296	120 955	30 789 441
Cost	18 647 019	9 361 211	5 690 343	2 169 873	5 482 216	4 518 568	134 395	46 003 624
Accumulated depreciation	-	(3 517 676)	(4 862 756)	(669 941)	(3 440 099)	(2 710 272)	(13 439)	(15 214 184)

Notes to the Consolidated Financial Statements for the Period Ended 28 February 2011

2. Property, Plant And Equipment (continued) Reconciliation of Property, Plant and Equipment

Figures in Rands	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
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MAIN COUNCIL

28 FEBRUARY 2011

Opening carrying amount	18 647 019	5 843 536	468 814	1 499 932	2 042 117	1 808 295	30 309 714
Cost	18 647 019	9 361 212	1 279 366	2 169 873	5 482 216	4 518 567	41 458 252
Accumulated depreciation	-	(3 517 676)	(810 552)	(669 941)	(3 440 098)	(2 710 272)	(11 148 539)
Additions	6 467 780	184 891	-	225 592	907 106	7 085 526	14 870 894
Disposals at net book value	-	(5 335)	-	-	(61 580)	-	(66 915)
Current depreciation	-	(1 662 205)	(142 031)	(451 056)	(1 449 801)	(2 429 772)	(6 134 865)
Closing carrying amount	25 114 799	4 360 887	326 783	1 274 468	1 437 841	6 464 048	38 978 827
Cost	25 114 799	9 526 703	1 072 351	2 395 465	5 654 345	11 604 092	55 367 755
Accumulated depreciation	-	(5 165 816)	(745 568)	(1 120 997)	(4 216 504)	(5 140 044)	(16 388 928)

Figures in Rands	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
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MAIN COUNCIL

28 FEBRUARY 2010

Opening carrying amount	17 300 000	5 064 209	553 864	1 106 232	2 556 347	1 295 422	27 876 074
Cost	17 300 000	7 289 350	5 110 559	1 406 110	4 442 622	2 733 675	38 282 316
Accumulated depreciation	-	(2 225 141)	(4 556 695)	(299 878)	(1 886 275)	(1 438 253)	(10 406 242)
Additions	1 347 019	2 073 279	232 936	764 257	1 046 992	1 784 891	7 249 374
Disposals	-	(1 418)	(93 991)	(494)	(7 398)	-	(103 301)
Current depreciation	-	(1 292 535)	(223 995)	(370 063)	(1 553 824)	(1 272 019)	(4 712 436)
Closing carrying amount	18 647 019	5 843 536	468 814	1 499 932	2 042 117	1 808 295	30 309 714
Cost	18 647 019	9 361 212	1 279 366	2 169 873	5 482 216	4 518 567	41 458 252
Accumulated depreciation	-	(3 517 676)	(810 552)	(669 941)	(3 440 098)	(2 710 272)	(11 148 539)

Notes to the Consolidated Financial Statements for the Period Ended 28 February 2011

2. Property, Plant And Equipment (continued) Other Information

	Group		Main Council	
Figures in Rands	2011	2010	2011	2010

DETAILS OF PROPERTIES

Erf 2915 Johannesburg measuring 496 square meters with office building erected thereon.
Erf 2914 Johannesburg portion 2
Erf 7498 Parrow, 141 Voortrekker Road, Parrow

- Balance at beginning of period	18 647 019	17 300 000	18 647 019	17 300 000
- Purchase of new building in Cape Town	5 981 444	-	5 981 444	-
- Improvements	486 336	1 347 019	486 336	1 347 019
Total Land and Buildings	25 114 799	18 647 019	25 114 799	18 647 019

Land and building are re-valued independently every three years.

Revaluation of the land and buildings is performed by an independent valuator Grant Fraser (MIV. SA) of G.C Fraser & Associate, who are not connected to the NBCRFLI.

The date of last revaluation was 28 February 2009. The next revaluation will be done in the year ending 28 February 2012.

3. Other Financial Assets

	Group		Main Council	
Figures in Rands	2011	2010	2011	2010

HELD TO MATURITY

Fixed deposit and money market funds	825 692 170	684 552 976	99 485 058	92 760 058
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The investments are held at a variety of financial institutions.
These investments bear interest at between 5.20% and 8.06% (2010:7.90% and 8.72%) per annum.

Loans and Receivables

Aids Fund	5 877 701	-	9 732 093	6 871 172
Provident Fund	(2 900 255)	(2 176 261)	(2 900 255)	(2 176 261)
Wellness Fund	-	-	8 780 755	-
Total other financial assets	828 669 616	682 376 715	115 097 651	97 454 969

Notes to the Consolidated Financial Statements for the Period Ended 28 February 2011

4. Trade and Other Receivables

	Group		Main Council	
Figures in Rands	2011	2010	2011	2010
Sundry debtors	3 404 276	2 007 696	1 679 550	486 748
Deposits	63 026	63 026	63 026	63 026
Receivable accrued interest	7 214 197	4 999 876	-	611 039
Aids Sida Fund	-	755 661	878 422	755 661
Total trade and other receivables	10 681 499	7 826 259	2 620 998	1 916 474

5. Cash and Cash Equivalents

	Group		Main Council	
Figures in Rands	2011	2010	2011	2010
Cash and cash equivalents consist of:				
Bank Balances	169 188 840	139 197 782	35 604 111	28 690 234

6. Other Financial Liabilities

	Group		Main Council	
Figures in Rands	2011	2010	2011	2010
HELD AT AMORTISED COST				
Other financial liabilities	-	(3 009 566)	-	-
Holiday pay bonus fund	-	-	10 079 744	11 254 822
Leave pay fund	-	-	6 871 037	(3 665 990)
Sick fund	-	-	6 130 153	3 561 199
Provident fund	1 166 714	968 700	1 166 714	968 700
Unallocated funds received	4 907 342	4 606 580	4 907 342	4 606 580
Wellness fund	-	-	1 182 990	1 741 039
Total other financial liabilities	6 074 056	2 565 714	30 337 979	18 466 350

The unallocated funds received is represented by contributions received by the NBCRFLI on behalf of the fund which is unallocated due to pending reconciliation processes.

Notes to the Consolidated Financial Statements for the Period Ended 28 February 2011

7. Trade and Other Payables

	Group		Main Council	
Figures in Rands	2011	2010	2011	2010
Trade payables	23 186 241	17 879 706	21 691 670	16 017 709
VAT	583 100	1 860 536	583 100	1 860 536
Trust account	2 247 749	2 069 781	2 247 749	2 069 781
Refunds due	1 348 827	1 613 802	1 348 827	1 613 802
Total trade and other payables	27 365 917	23 423 825	25 871 346	21 561 828

8. Taxation

No provision has been made for taxation as the fund is currently exempt from income taxation.

9. Contingencies

- (a) The provisions of Labour Relations Act of 1995 requires parties' representativity in bargaining council to be 50% plus one in order to qualify for full enforcement of agreement to the entire industry. The Department of Labour issued a certificate on 10 August 2010 stating that it is certified that the parties to Council's Collective Agreement are representative and this certificate is valid up until 31 August 2011.
- (b) As at reporting period ended 28 February 2011, Council had a dispute against E-Prime Dynamix for breach of contract. The service provider was contracted to install and implement the SAP system. The contract was terminated when failures were discovered on the system and the service provider failed to rectify the system errors. Upon termination, E-Prime Dynamix instituted a claim against Council with a contingent liability of R3 569 129.16. However, Council is confident that it has a strong case against the claimant.

Detailed Consolidated Income Statements for the Period Ended 28 February 2011

	Notes	Group		Main Council	
Figures in Rands		2011	2010	2011	2010
REVENUE					
Levies received		39 976 813	34 797 684	39 976 813	34 797 684
Wellness fund contributions		69 224 223	57 317 326	-	-
Interest received		69 223 249	68 388 445	11 612 625	11 515 525
Admin fees received		74 874	261 005	50 565 032	45 420 741
		178 499 159	160 764 460	102 154 469	91 733 950
OTHER INCOME					
Gains on disposal of assets		11 505	-	11 505	-
Rental income		1 047 098	-	1 047 098	-
Sponsorship		120 000	482 471	-	-
Sundry income		4 314 421	2 262 072	4 314 421	2 262 072
		5 493 023	2 744 544	5 373 023	2 262 072
OPERATING EXPENSES					
Administration and management fees		-	-	-	-
Advertising		(1 303 780)	(2 715 348)	(1 303 780)	(1 800 074)
Arbitration expenses		(10 152 076)	(9 046 891)	(10 152 076)	(9 046 891)
Attendance fees		(2 054 514)	(2 135 258)	(2 049 708)	(2 135 258)
Auditor's remuneration		(396 738)	(261 000)	(396 738)	(261 000)
Bad debts		(4 428)	-	(4 428)	-
Bank charges		(935 376)	(532 748)	(926 671)	(527 436)
Bursary expense		(41 485)	(208 758)	(41 485)	(208 758)
Complex agreement		(40 317)	(102 130)	(40 317)	(102 130)
Consulting and professional fees		(2 921 340)	(3 089 958)	(2 372 044)	(2 537 115)
Depreciation, amortisation and impairments		(6 249 912)	(4 807 942)	(6 134 865)	(4 712 436)
Employee costs		(48 957 119)	(44 226 247)	(48 957 119)	(44 226 247)
Equipment hire		(1 293 875)	(970 850)	(1 293 875)	(970 850)
Extension expenses		(310 548)	(460 311)	(310 548)	(460 311)
Insurance		(501 577)	(686 759)	(483 427)	(686 759)
Loss on disposal of assets		-	(905)	-	(905)
Legal expenses		(401 062)	(83 536)	-	-
Lease rentals on operating lease		(1 995 119)	(2 162 648)	(1 995 119)	(2 162 648)
Management fee - Wellness Clinics		(2 113 332)	-	-	-
Maternity expenses		-	(29 003)	-	-
Medical expenses		(939 588)	(540 726)	-	-
Motor vehicle expenses		(848 135)	(578 689)	(800 679)	(578 689)
Non-reclaimable VAT		(7 068 621)	(6 322 493)	-	-
Postage		(355 788)	(707 377)	(355 788)	(707 377)
Printing and stationery		(1 076 079)	(1 368 994)	(1 058 179)	(1 192 335)
Recruitment fees		(6 720)	(390 889)	(6 720)	(390 889)
Repairs and maintenance		(5 717 100)	(4 671 708)	(5 717 100)	(4 671 708)
Security		(838 941)	(746 330)	(838 941)	(746 330)
Seminars		(63 723)	(629 169)	(63 723)	(629 169)
Staff Welfare		(1 051 250)	(1 329 490)	(1 047 331)	(1 329 490)
Telephone and fax		(1 552 446)	(1 814 302)	(1 494 735)	(1 814 302)
Training		(332 556)	(772 373)	(332 556)	(772 373)
Travel - local		(631 227)	(978 372)	(408 058)	(830 701)
Utilities		(1 129 787)	(935 834)	(1 129 787)	(935 834)
Penalties and interest		(15)	(640 916)	(15)	(640 916)
Programme promotional costs		-	(64 727)	-	-
Special events		(1 235 631)	(535 764)	-	-
		(102 520 204)	(94 548 447)	(89 715 810)	(85 078 931)
Operating Surplus		81 471 978	68 960 557	17 811 682	8 917 091
Surplus for the period		81 471 978	68 960 557	17 811 682	8 917 091

