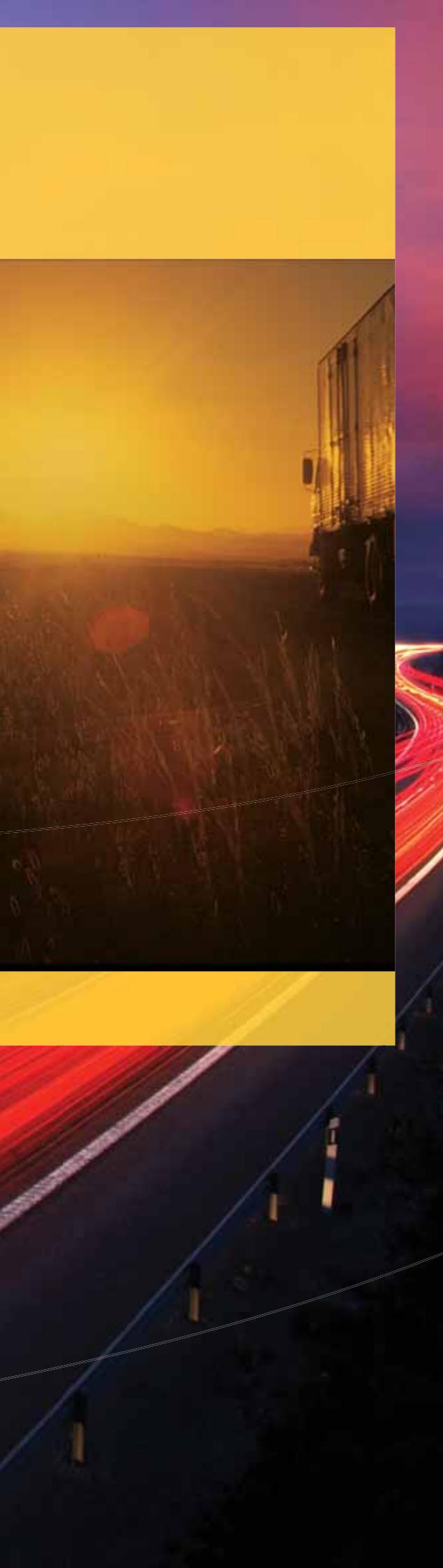




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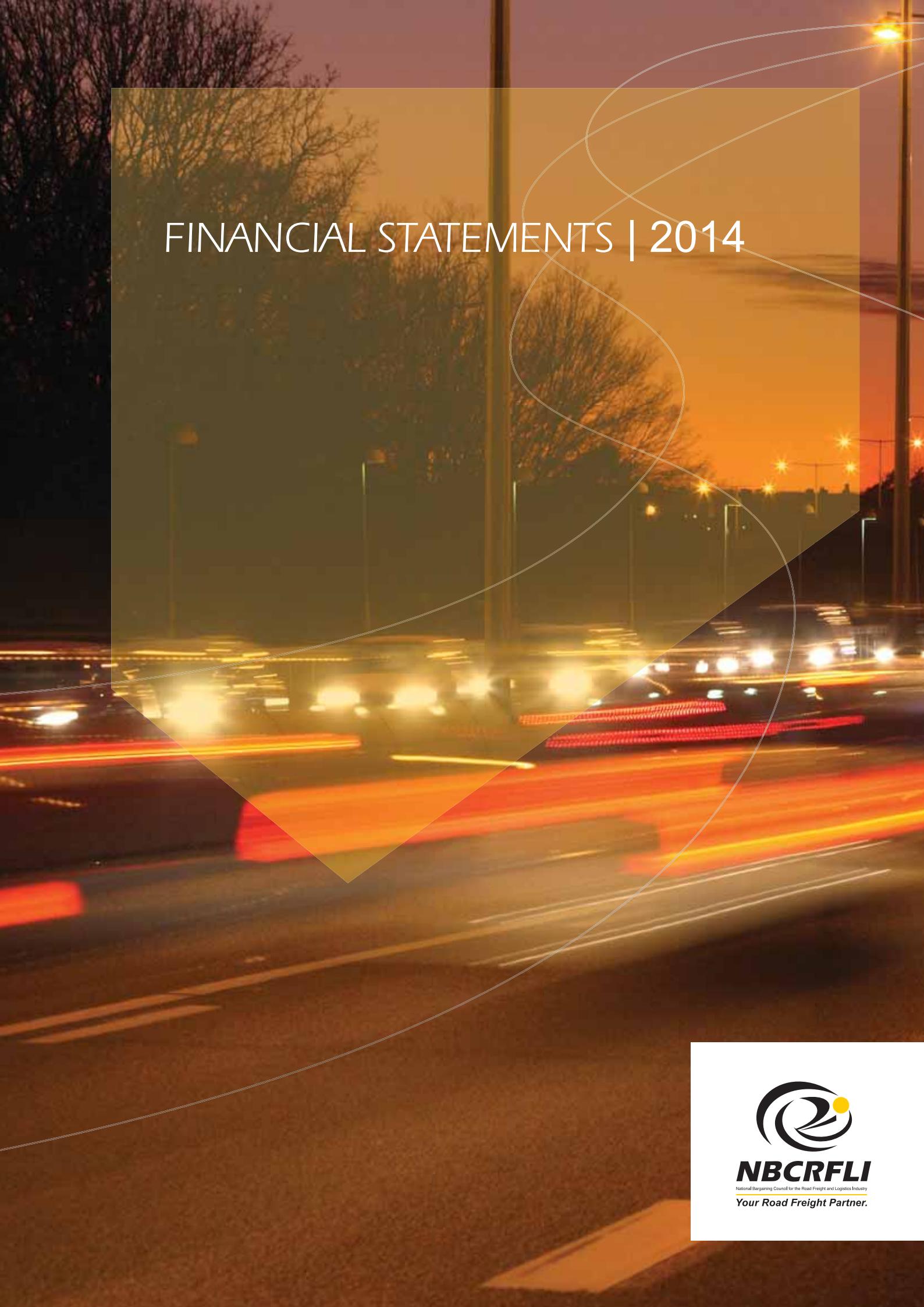


NBCRFLI

Annual Report

2014





FINANCIAL STATEMENTS | 2014



Board members' Responsibilities and Approval

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), the Council, is an organization registered as a bargaining council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organization 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 23 July 2010.

The Board 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 Council 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 Board members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable priority on maintaining a strong control environment. To enable management to meet these responsibilities, the Board 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 Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavour's to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board 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 Board members have reviewed the Council's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the Council has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the Council's consolidated financial statements. The consolidated annual financial statements have been examined by the Council's external auditors and their report is presented on page 63.

King III Corporate Governance

The Board of Council endorse the Recommendations and Principles as set out in the King III Report ("the Code") issued during 2009 and which became effective from 1 April 2010. By voluntarily supporting the Code, the Board members recognise the need to conduct the affairs of the Council in compliance with sound corporate governance principles, with integrity and accountability.

The Council's corporate governance processes which include the appointment of internal auditors, a dedicated risk manager and independent external auditors, all of whom report to the Audit and Risk committee, which meets at least quarterly and reports to the Board members.

Approval

The annual financial statements set out on pages 64 to 77, which have been prepared on the going concern basis, were approved by the Board members on 26 June 2014 and were signed on its behalf by:



Mrs Tersia Ströh

Acting National Secretary
of the NBCRFLI



Mr June Dube

Chairperson

Report of the Independent Auditors to the Members of the National Bargaining Council for the Road Freight and Logistics Industry

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

- The consolidated and separate statements of net assets for the period ended 28 February 2014;
- The consolidated and separate statements of comprehensive income for period ended 28 February 2014;
- The consolidated and separate statements of changes in funds for the period ended 28 February 2014;
- The consolidated and separate statements of cash flows for the period ended 28 February 2014;
- A summary of significant accounting policies and other explanatory notes, as set on pages 64 to 75.

Management's Responsibility for the Financial Statements

The council is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with basis of accounting set out in page 69, and in manner required by the Labour Relations Act of 1995 and for such internal control as the directors determine is necessary to enable the 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those 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 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 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 respects, in accordance with the basis of accounting as set out in Note 1 of the financial statements, and in a manner required by the provisions of its constitution relating to financial matters and Section 53(2) (b) of the Labour Relations Act.

Emphasis of matter - Supporting Schedules

Without qualifying our opinion we draw attention to the fact that the supplementary information set out on pages 76 and 77 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 are prepared for regulatory purposes in accordance with the basis of preparation indicated above. Consequently, the consolidated annual financial statements and related auditors report may not be suitable for another purpose.

Deloitte & Touche

Deloitte & Touche

Registered Auditors

Per D Munu

Partner

26 June 2014

Consolidated Statement of Net Assets

FOR THE PERIOD ENDED 28 FEBRUARY 2014

Notes	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
ASSETS				
Non Current Assets	1,380,497,878	1,231,478,402	166,595,087	161,406,092
Property, plant and equipment	36,843,705	38,053,129	36,793,484	37,890,840
Other financial assets	1,343,654,174	1,193,425,273	129,801,603	123,515,252
Current Assets	59,665,003	44,672,646	30,369,138	25,263,317
Inventories	92,088	88,802	92,088	88,802
Trade and other receivables	5,760,650	4,368,460	5,760,650	5,446,882
Cash and cash equivalents	53,812,265	40,215,384	24,516,400	19,727,633
Total assets	1,440,162,881	1,276,151,048	196,964,225	186,669,409
EQUITY AND LIABILITIES				
Equity	272,108,905	202,623,311	159,336,837	138,096,419
Reserves	101,063,065	50,154,833	7,494,136	7,494,136
Surplus funds	171,045,840	152,468,478	151,842,701	130,602,283
Non Current Liabilities	1,139,924,333	1,031,229,904	-	-
Industry employees trust account	1,139,924,333	1,031,229,904	-	-
Current Liabilities	28,129,643	42,297,833	37,627,388	48,572,990
Other financial liabilities	3,260,219	5,712,428	12,925,338	13,638,333
Trade and other payables	24,869,424	36,585,405	24,702,050	34,934,657
Total equity and liabilities	1,440,162,881	1,276,151,048	196,964,225	186,669,409

Consolidated Statement of Comprehensive Income

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014		2013	
	R	R	R	R
Income	296,357,522	243,051,509	140,491,850	133,264,741
Other Income	9,295,357	7,174,750	4,886,512	4,421,993
Operating expenses	(287,075,516)	(332,020,684)	(124,137,944)	(127,896,807)
Operating surplus/(deficit)	18,577,363	(81,794,425)	21,240,418	9,789,927
Surplus/(Deficit) for the year	18,577,363	(81,794,425)	21,240,418	9,789,927
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	18,577,363	(81,794,425)	21,240,418	9,789,927

Consolidated Statement of Changes in Funds

FOR THE PERIOD ENDED 28 FEBRUARY 2014

Notes	Revaluation	Forfeitures	Total	Surplus	Total
	Reserve	Reserve	Reserves	Funds	Funds
	R	R	R	R	R
Group					
Balance at 01 March 2012	7,494,136	42,660,697	50,154,833	234,251,727	284,406,560
(Deficit)/Surplus for the period	-	-	-	(81,794,425)	(81,794,425)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(81,794,425)	(81,794,425)
Movement to forfeitures reserve	-	-	-	-	-
Adjustments: Depreciation understated	-	-	-	11,176	11,176
Balance at 28 February 2013	7,494,136	42,660,697	50,154,833	152,468,478	202,623,311
(Deficit)/Surplus for the period	-	-	-	18,577,363	18,577,363
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	18,577,363	18,577,363
Movement to forfeitures reserve	-	50,908,232	50,908,232	-	50,908,232
Balance at 28 February 2014	7,494,136	93,568,929	101,063,065	171,045,841	272,108,906
Main Council					
Balance at 01 March 2012	7,494,136	-	7,494,136	132,059,517	139,553,653
(Deficit)/Surplus for the period	-	-	-	9,789,927	9,789,927
Adjustments: Irrecoverable salaries paid to Wellness staff	-	-	-	(11,258,337)	(11,258,337)
Total comprehensive income for the period	-	-	-	(1,468,410)	(1,468,410)
Adjustments: Depreciation understated	-	-	-	11,176	11,176
Balance at 28 February 2013	7,494,136	-	7,494,136	130,602,283	138,096,419
(Deficit)/Surplus for the period	-	-	-	21,240,418	21,240,418
Total comprehensive income for the period	-	-	-	21,240,418	21,240,418
Balance at 28 February 2014	7,494,136	-	7,494,136	151,842,700	159,336,837

Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Notes	Group		Main Council	
		2014	2013	2014	2013
		R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	A	10,519,228	(86,849,173)	15,632,011	(9,192,524)
Transfer of forfeitures/Increase in reserves		50,908,232	-	-	-
Shortfall in staff pension fund		-	-	-	-
(Deficit)/Surplus for the period to 28 February 2013 - SIDA		-	-	-	-
Net cash (outflow)/inflow from operating activities		61,427,459	(86,849,173)	15,632,011	(9,192,524)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,909,450)	(4,074,820)	(3,909,450)	(4,074,820)
Proceeds from sale of property, plant and equipment		65,552	8,048	65,552	2,193
Increase in other financial assets		(150,228,900)	(114,840,128)	(6,286,351)	(11,123,889)
Net cash outflow from investing activities		(154,072,798)	(118,906,900)	(10,130,249)	(15,196,516)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/Increase in other financial liabilities		(2,452,209)	760,247	(712,995)	18,220,033
Increase in industry employees trust account		108,694,429	198,270,118	-	-
Net inflow/(outflow) from financing activities		106,242,220	199,030,365	(712,995)	18,220,033
Net increase/(decrease) in cash and cash equivalents		13,596,881	(6,725,709)	4,788,767	(6,169,006)
Cash and cash equivalents at beginning of year		40,215,384	46,941,092	19,727,633	25,896,639
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	53,812,265	40,215,384	24,516,400	19,727,633

Notes to the Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
A. RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH GENERATED FROM OPERATIONS				
Operating (deficit)/surplus	18,577,363	(81,794,425)	21,240,418	9,789,927
Adjustment for non cash items:	5,053,321	6,475,643	4,941,253	6,324,560
Depreciation and amortisation	5,118,015	6,491,354	5,005,947	6,337,929
Adjustments through surplus funds: Depreciation understated	-	(11,176)	-	(11,176)
(Gain)/Loss on disposal of property, plant and equipment	(64,694)	(4,535)	(64,694)	(2,193)
Adjustment for separately disclosable items:				
Interest received	(85,016,874)	(81,138,011)	(12,196,989)	(11,552,429)
Operating cash inflow before working capital changes	(61,386,190)	(156,456,793)	13,984,682	4,562,058
Adjustments through surplus funds: Irrecoverable salaries paid to Wellness staff	-	-	-	(11,258,337)
Working capital changes	(13,111,456)	(11,530,391)	(10,549,660)	(14,048,673)
Changes in inventories	(3,286)	(20,774)	(3,286)	(20,774)
Changes in trade and other receivables	(1,392,189)	557,273	(313,767)	(521,149)
Changes in trade and other payables	(11,715,981)	(12,066,890)	(10,232,606)	(13,506,751)
Cash generated from operations	(74,497,646)	(167,987,184)	3,435,022	(20,744,952)
Interest received	85,016,874	81,138,011	12,196,989	11,552,429
CASH GENERATED FROM OPERATING ACTIVITIES	10,519,228	(86,849,173)	15,632,011	(9,192,523)
B. CASH AND CASH EQUIVALENTS				
Bank balances				
Main Council	24,516,400	19,727,633	24,516,400	19,727,633
Wellness Fund	29,295,787	20,487,119		
Holiday Pay Fund	26	478		
Leave Pay Fund	26	92		
Sick Pay Fund	26	61		
	53,812,265	40,215,384	24,516,400	19,727,633

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

Reporting entity

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) is an organization registered as a bargaining council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organization 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 annual financial statements of the NBCRFLI for the period ended 28 February 2014 comprise the Main Council and its subsidiary funds (Holiday Pay Fund, Leave Pay Fund and Sick Pay Fund) and the organization's interest in the Wellness 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 principal accounting policies used by the Council which are consistent with those of the previous year.

1.1 Basis of consolidation

The consolidated financial statements incorporates financial statements of the Main Council, its subsidiary funds and interests in the Wellness fund for the period ended 28 February 2014. The financial statements are consolidated on the basis that the Main Council has control over the subsidiary funds and Wellness entity. 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.

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.

1.3 Financial Instruments

Initial Recognition

The funds 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 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 Revenue

Revenue is recognised on both the accrual and cash basis.

Levies

Levies are charged to the industry for the services that the NBCRFLI provides to the industry. Levies are recognised on the cash basis based on amounts received for the returns submitted and processed. Where reasonable, an accrual is made for the levies relating to the financial period under review.

Administration fees

Administration fees charged for the administration of the Holiday Pay Fund, Leave Pay Fund, Sick Pay Fund and the Provident Fund. The administration fee is recognised on the accrual basis.

1.5 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.

1.6 Outstanding Levies

Contrary to past practices, levies due but unpaid at the end of the current financial period have been brought into account.

1.7 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 Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2014			2013		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land and Buildings	29,600,000	-	29,600,000	29,600,000	-	29,600,000
Furniture & fittings	11,502,231	(9,675,721)	1,826,510	10,556,289	(8,503,436)	2,052,853
Motor vehicles	2,817,539	(2,293,441)	524,098	2,752,639	(1,973,490)	779,149
Office Equipment	3,102,058	(2,572,915)	529,143	2,824,218	(2,195,349)	628,869
IT Equipment	9,094,297	(7,076,524)	2,017,773	7,598,396	(6,099,494)	1,498,902
Computer Software	16,546,051	(14,211,343)	2,334,708	15,451,105	(12,003,853)	3,447,252
Containers	572,384	(560,911)	11,473	572,384	(526,280)	46,104
	73,234,559	(36,390,855)	36,843,705	69,355,031	(31,301,902)	38,053,129

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MAIN COUNCIL	2014			2013		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land and Buildings	29,600,000	-	29,600,000	29,600,000	-	29,600,000
Furniture & fittings	11,464,515	(9,638,005)	1,826,510	10,518,574	(8,465,720)	2,052,854
Motor vehicles	1,612,808	(1,127,368)	485,440	1,547,908	(884,734)	663,175
Office Equipment	3,022,958	(2,493,905)	529,053	2,745,118	(2,116,460)	628,658
IT Equipment	8,900,895	(6,883,122)	2,017,773	7,404,994	(5,906,092)	1,498,902
Computer Software	16,281,251	(13,946,543)	2,334,708	15,186,305	(11,739,053)	3,447,252
	70,882,427	(34,088,944)	36,793,484	67,002,900	(29,112,059)	37,890,840

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

GROUP	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
28 FEBRUARY 2014	R	R	R	R	R	R	R	R
Opening carrying amount	29,600,000	2,052,853	779,149	628,869	1,498,902	3,447,252	46,104	38,053,129
Cost	29,600,000	10,556,289	2,752,639	2,824,218	7,598,396	15,451,105	572,384	69,355,031
Accumulated depreciation	-	(8,503,436)	(1,973,490)	(2,195,349)	(6,099,494)	(12,003,853)	(526,280)	(31,301,902)
Additions from AIDS SIDA at net book value	-	-	-	-	-	-	-	-
Additions	-	945,941	64,900	277,840	1,525,822	1,094,947	-	3,909,450
Revaluations through equity	-	-	-	-	-	-	-	-
Disposals at net book value	-	-	-	-	(859)	-	-	(859)
Current depreciation	-	(1,172,284)	(319,951)	(377,566)	(1,006,093)	(2,207,491)	(34,631)	(5,118,015)
Closing carrying amount	29,600,000	1,826,510	524,098	529,143	2,017,773	2,334,708	11,473	36,843,705
Cost	29,600,000	11,464,515	2,817,539	3,102,058	9,094,297	16,546,051	572,384	73,196,844
Accumulated depreciation	-	(9,638,005)	(2,293,441)	(2,572,915)	(7,076,524)	(14,211,343)	(560,911)	(36,353,139)
GROUP	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
28 FEBRUARY 2013	R	R	R	R	R	R	R	R
Opening carrying amount	29,600,000	2,859,239	1,120,313	1,079,224	690,239	5,006,880	94,929	40,450,824
Cost	29,600,000	9,729,541	2,876,999	2,803,412	6,054,312	13,757,857	572,384	65,394,505
Accumulated depreciation	-	(6,870,302)	(1,756,686)	(1,724,188)	(5,364,073)	(8,750,977)	(477,455)	(24,943,681)
Additions from AIDS SIDA at net book value	-	-	-	-	-	-	-	-
Additions	-	826,748	1,110	20,806	1,544,084	1,693,248	-	4,085,996
Revaluations through equity	-	-	-	-	-	-	-	-
Disposals at net book value	-	-	(3,513)	-	-	-	-	(3,513)
Current depreciation	-	(1,633,134)	(338,761)	(471,161)	(735,421)	(3,252,876)	(48,825)	(6,480,178)
Closing carrying amount	29,600,000	2,052,853	779,149	628,869	1,498,902	3,447,252	46,104	38,053,129
Cost	29,600,000	10,556,289	2,752,639	2,824,218	7,598,396	15,451,105	572,384	69,355,031
Accumulated depreciation	-	(8,503,436)	(1,973,490)	(2,195,349)	(6,099,494)	(12,003,853)	(526,280)	(31,301,902)

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

PROPERTY, PLANT AND EQUIPMENT (continued) RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

MAIN COUNCIL	Land & Buildings R	Furniture & Fittings R	Motor Vehicles R	Office Equipment R	IT Equipment R	Computer Software R	TOTAL R
28 FEBRUARY 2014							
Opening carrying amount	29,600,000	2,052,853	663,175	628,658	1,498,902	3,447,252	37,890,840
Cost	29,600,000	10,518,574	1,547,908	2,745,118	7,404,994	15,186,305	67,002,900
Accumulated depreciation	-	(8,465,721)	(884,734)	(2,116,460)	(5,906,092)	(11,739,053)	(29,112,060)
Additions	-	945,941	64,900	277,840	1,525,822	1,094,947	3,909,450
Revaluations through equity	-	-	-	-	-	-	-
Disposals at net book value	-	-	-	-	-	(859)	-
Current depreciation	-	(1,172,284)	(242,635)	(377,445)	(1,006,093)	(2,207,491)	(5,005,947)
Closing carrying amount	29,600,000	1,826,510	485,440	529,053	2,017,773	2,334,708	36,793,484
Cost	29,600,000	11,464,515	1,612,808	3,022,958	8,900,895	16,281,251	70,882,427
Accumulated depreciation	-	(9,638,005)	(1,127,368)	(2,493,905)	(6,883,122)	(13,946,543)	(34,088,944)
MAIN COUNCIL	Land & Buildings R	Furniture & Fittings R	Motor Vehicles R	Office Equipment R	IT Equipment R	Computer Software R	TOTAL R
28 FEBRUARY 2013							
Opening carrying amount	29,600,000	2,859,239	896,577	1,078,662	690,239	5,006,880	40,131,597
Cost	29,600,000	9,691,826	1,546,798	2,724,312	5,860,910	13,493,057	62,916,903
Accumulated depreciation	-	(6,832,587)	(650,221)	(1,645,650)	(5,170,671)	(8,486,177)	(22,785,306)
Additions	-	826,748	1,110	20,806	1,544,084	1,693,248	4,085,996
Revaluations through equity	-	-	-	-	-	-	-
Disposals at net book value	-	-	-	-	-	-	-
Current depreciation	-	(1,633,134)	(234,512)	(470,810)	(735,421)	(3,252,876)	(6,326,753)
Closing carrying amount	29,600,000	2,052,853	663,175	628,658	1,498,902	3,447,252	37,890,840
Cost	29,600,000	10,518,574	1,547,908	2,745,118	7,404,994	15,186,305	67,002,900
Accumulated depreciation	-	(8,465,721)	(884,734)	(2,116,460)	(5,906,092)	(11,739,053)	(29,112,060)

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
Other information				
Details of properties				
Erf 2915 Johannesburg measuring 496 square meters with office building erected thereon.				
Erf 2914 Johannesburg portion 2				
Erf 7498 Parow 141 Voortrekker Road Parow				
- Balance at beginning of period	29,600,000	29,600,000	29,600,000	29,600,000
- Improvements	-	-	-	-
Total land and buildings before revaluation	29,600,000	29,600,000	29,600,000	29,600,000
Revaluation of land and buildings	-	-	-	-
Total land and buildings after revaluation	29,600,000	29,600,000	29,600,000	29,600,000
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.				
Revaluation on the land and buildings was performed as at 29 February 2012. (The previous revaluation was performed as at 28 February 2009.) Details of the revaluation are as follows:				
Erf 2915 Johannesburg, 31 De Korte Street, Braamfontein	13,200,000	13,200,000	13,200,000	13,200,000
Erf 2914 Johannesburg, 29 De Korte Street, Braamfontein	9,500,000	9,500,000	9,500,000	9,500,000
Erf 7498 Parow, 141 Voortrekker Road, Parow	6,900,000	6,900,000	6,900,000	6,900,000
Total value as per the revaluation report - 29 February 2012	29,600,000	29,600,000	29,600,000	29,600,000
<i>The next revaluation will be done at the end of February 2015</i>				
3. OTHER FINANCIAL ASSETS				
Held to maturity and demand				
Fixed deposit and money market funds:				
Main Council investments	129,483,785	122,733,186	129,483,785	122,733,186
Holiday Pay Fund investments	272,524,030	262,940,881		
Leave Pay Fund investments	343,834,158	306,337,113		
Sick Pay Fund investments	597,604,551	500,742,194		
	1,343,446,523	1,192,753,374	129,483,785	122,733,186
The investments are held at a variety of financial institutions.				
These investments bear interest at between 5.76% and 7.05% (2013: 5.89% and 6.42%) per annum.				
Loans and Receivables				
Aids Fund	-	935,990	-	935,990
Provident Fund	317,818	(153,924)	317,818	(153,924)
Wellness Fund - Payable to Main Council	(110,167)	(110,167)	-	-
Total other financial assets	1,343,654,174	1,193,425,273	129,801,603	123,515,252
4. TRADE AND OTHER RECEIVABLES				
Sundry Debtors	1,482,620.98	302,816	1,482,621	302,816
Sundry Debtors - Provident Fund Payable to Main Council	4,192,539	3,980,154	4,192,539	3,980,154
Deposits	85,490	85,490	85,490	85,490
Aids SIDA Fund	-	-	-	1,078,422
Total trade and other receivables	5,760,650	4,368,460	5,760,650	5,446,882

The receivable from Provident Fund (RFLIPF) is on outstanding tax invoices due for payment.

Main Council believes that the money will be fully recoverable from the RFLIPF.

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014		2013	
	R	R	R	R
5. OTHER FINANCIAL LIABILITIES				
Held at amortised cost				
Holiday pay bonus fund	-	-	13,035,998	3,198,924
Leave pay fund	-	-	6,405,596	(1,512,153)
Sick fund	-	-	2,067,992	4,162,147
Provident fund	1,293,678	1,293,678	1,293,678	1,293,678
Wellness fund	-	-	(11,844,466)	2,076,987
Unallocated funds received	1,966,540	4,418,750	1,966,540	4,418,750
Total other financial liabilities	3,260,218	5,712,428	12,925,338	13,638,333
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.				
6. TRADE AND OTHER PAYABLES				
Trade payables	8,397,438	14,845,546.55	8,397,438	13,348,363
Employee cost related payables	2,102,933	1,237,107	2,227,568	1,237,107
Incentive bonus provision	5,771,192	6,079,579	5,646,557	6,079,579
VAT	(756,571)	1,103,248	(756,571)	1,117,057
Trust account	3,280,532	3,184,356	3,280,532	3,184,356
Refunds due	4,849,925	4,836,057	4,849,925	4,836,057
Interest received - Accruing to AIDS SIDA	167,374	167,374	-	-
Industry Unions and Agency Fees	1,056,602	5,132,138	1,056,602	5,132,138
Total trade and other payables	24,869,424	36,585,405	24,702,050	34,934,657
7. INDUSTRY EMPLOYEES TRUST ACCOUNT				
Balance at beginning of period				
Holiday Pay Fund	240,501,171	222,828,718		
Leave Pay Fund	297,405,885	243,760,056		
Sick Pay Fund	493,322,849	366,371,012		
	1,031,229,904	832,959,786		
Contributions received				
Holiday Pay Fund	613,644,158	544,551,127		
Leave Pay Fund	450,813,160	397,792,616		
Sick Pay Fund	341,314,993	302,536,475		
	1,405,772,311	1,244,880,217		
Less:				
Pay-outs for the year				
Holiday Pay Fund	(594,224,389)	(526,878,674)		
Leave Pay Fund	(405,398,435)	(344,146,787)		
Sick Pay Fund	(246,546,827)	(175,584,638)		
	(1,246,169,650)	(1,046,610,099)		

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2014

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
7. INDUSTRY EMPLOYEES TRUST ACCOUNT Continued				
Less:				
Forfeitures adjustment				
Holiday Pay Fund	(16,496,353)		-	
Leave Pay Fund	(16,428,575)		-	
Sick Pay Fund	(17,983,304)		-	
	(50,908,232)		-	
<i>(The forfeitures adjustments relates to forfeitures for the five year ended February 2009)</i>				
Closing balance at the end of the year				
Holiday Pay Fund	243,424,587	240,501,171		
Leave Pay Fund	326,392,036	297,405,885		
Sick Pay Fund	570,107,710	493,322,849		
	1,139,924,333	1,031,229,904		

	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
8. OPERATING EXPENSES				
Included in operating expenses is the following:				
Employee costs	(71,299,246)	(68,371,986)	(64,663,640)	(68,371,986)
Wellness employee health insurance	(128,215,339)	(184,422,236)	-	-

9. TAXATION

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

10. CONTINGENCIES

- (a) The provisions of Labour Relations Act of 1995 requires parties' representivity 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 24 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 2014, NBCRFLI had legal claims against the Road Freight and Logistics Industry Provident Fund (RFLIPF) for outstanding administration fees due to be paid to Main Council. The amount outstanding of R4,192,539 has been included in trade and other receivables. The only financial exposure would be legal expenses.
- (c) In addition to the matter in (b) above, Main Council is alleged to owe the Road Freight and Logistics Industry Provident Fund (RFLIPF) an amount of R7,924,494.00 in respect of contributions received for the periods before May 2008. Council was issued with a summon for payment of the outstanding amount. The amount has been accrued in financial assets.
- (d) As at reporting period ended 28 February 2013, 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. The legal claim against E-Prime Dynamix has been suspended due to E-Prime being liquidated.

11. ADJUSTMENTS THROUGH SURPLUS FUNDS: IRRECOVERABLE SALARIES PAID IN RESPECT OF WELLNESS STAFF

The adjustment relates to payments made to the Wellness employees in respect of the salaries paid for the period ended 29 February 2012. This expenditure was regarded as irrecoverable from Corridor Empowerment.

Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2014

Notes	Group		Main Council	
	2014	2013	2014	2013
	R	R	R	R
Revenue				
Levies Received	61,443,074	52,201,231	61,443,074	52,201,231
Wellness fund contributions	146,508,568	98,232,364	-	-
Interest Received	85,016,874	81,138,010	12,196,989	11,552,429
Admin Fees Received	3,389,006	11,479,904	66,851,787	69,511,081
	296,357,522	243,051,509	140,491,850	133,264,741
Other Income				
Gains on disposal of assets	64,694	4,535	64,694	2,193
Rental Income	475,722	236,924	475,722	236,924
Sundry Income	8,754,941	6,933,291	4,346,096	4,182,876
	9,295,357	7,174,750	4,886,512	4,421,993
Operating expenses				
Advertising	(1,833,432)	(1,840,806)	(1,833,432)	(1,654,156)
Arbitration Expenses	(13,117,057)	(11,814,622)	(13,117,057)	(11,814,622)
Attendance fees	(2,058,759)	(2,245,535)	(2,058,157)	(2,098,195)
Auditor's remuneration	(927,698)	(752,090)	(927,698)	(752,090)
Bad debts	-	-	-	-
Bank charges	(1,211,992)	(1,175,042)	(1,205,064)	(1,164,027)
Bursary expense	24,785	(242,095)	24,785	(242,095)
Consulting and Professional fees	(2,916,935)	(1,545,016)	(668,774)	(1,168,360)
Computer Hardware Leasing and Software Maintenance	(11,092,899)	(11,744,308)	(11,092,636)	(11,740,636)
Depreciation amortisation and impairments	(5,118,015)	(6,491,354)	(5,005,947)	(6,337,929)
Employee costs	(71,299,246)	(68,371,986)	(64,663,640)	(68,371,986)
Equipment hire	(1,123,769)	(22,070)	(1,123,769)	(22,070)
Exemption body expenses	(275,096)	(262,879)	(275,096)	(262,879)

Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2014

Notes	Group		Main Council	
	2014		2013	
	R	R	R	R
Operating expenses continued				
Forfeitures tracing	(3,128,914)		(3,128,914)	-
Insurance	(827,245)	(835,355)	(622,653)	(583,226)
Legal expenses	(2,401,460)	(2,365,828)	(2,384,766)	(2,365,100)
Loss on disposal of assets	-	-	-	-
Lease rentals on operating lease	(2,538,578)	(2,528,612)	(2,538,578)	(2,528,332)
Management fee - Wellness Clinics/Other	(6,836,376)	(9,259,140)	-	(4,506)
Medical expenses - African Unity Insurance	(128,215,339)	(184,422,236)	-	-
Motor vehicle expenses	(1,894,231)	(1,953,654)	(1,428,130)	(1,348,097)
Non- reclaimable VAT	(10,947,333)	(8,124,365)	(2,062,543)	-
Penalties and interest	(7,894)	(3,396)	(7,894)	(3,396)
Postage	(256,329)	(243,561)	(195,964)	(237,906)
Printing and stationery	(1,252,114)	(1,203,119)	(1,241,455)	(1,201,409)
Repairs and maintenance	(2,099,503)	(2,069,691)	(2,099,503)	(2,069,691)
Security	(1,275,738)	(1,115,392)	(1,275,738)	(1,115,392)
Seminars	(19,547)	(1,080,498)	(19,547)	(564,857)
Staff Welfare	(737,520)	(1,618,486)	(737,520)	(1,616,388)
Strategic Focus Areas	(229,402)	(3,171,221)	(229,402)	(3,171,221)
Telephone and fax	(1,694,071)	(1,783,434)	(1,634,580)	(1,723,346)
Training	(233,558)	(961,040)	(233,558)	(961,040)
Travel - local	(718,997)	(854,223)	(718,997)	(854,223)
Treatment Programme Costs	(9,179,539)			
Utilities	(1,631,717)	(1,919,630)	(1,631,717)	(1,919,630)
	(287,075,516)	(332,020,684)	(124,137,944)	(127,896,807)
Operating Surplus/(Deficit)	18,577,363	(81,794,425)	21,240,418	9,789,927
Surplus/(Deficit) for the period	18,577,363	(81,794,425)	21,240,418	9,789,927

