

ANNUAL REPORT

2015





Audited Financial Statements

Board members' Responsibilities and Approval

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), the Council, 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 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 endeavours 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.

Corporate Governance

The Council's corporate governance processes 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 78, which have been prepared on the going concern basis, were approved by the Board members on 26 June 2015 and were signed on its behalf by:



Mr Musa Ndlovu

National Secretary of the NBCRFLI



Mr Fred Meier

Chairperson



Financials

February 2011				
	Group		Main Council	
	2011	2010	2011	2010
2	868 013 126	713 186 156	154 076 478	127 764 683
3	28 413 510	30 789 441	38 978 627	30 309 714
4	828 669 616	682 376 715	115 097 851	97 454 969
5	180 019 769	147 110 836	38 374 539	30 693 505
6	148 430	86 797	148 430	86 797
7	10 681 499	7 826 259	2 620 996	1 916 474
8	169 186 840	139 197 782	35 604 111	28 690 234
9	1 048 032 895	860 276 994	192 451 017	158 458 188
10	319 667 983	234 784 126	136 241 692	118 430 010
11	13 232 137	9 620 258	3 532 393	3 532 393
12	306 435 846	234 963 868	132 709 299	114 897 617
13	624 924 939	599 503 329	-	-
14	694 924 939	599 503 329	-	-
15	33 439 973	25 989 539	56 209 325	40 028 178
16	6 074 056	2 565 714	30 337 979	18 466 360
17	27 365 917	23 423 825	25 871 346	21 561 828
18	1 048 032 895	860 276 994	192 451 017	158 458 188

Council Members' Responsibilities and Approval

The Nature of Business

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.

Council Members Responsibility for Annual Financial Statements

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 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.

Internal Control

The Council 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 Council members sets 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 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.

Going Concern

The Council members have reviewed the Council's cash flow forecast for the year to 29 February 2016 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.

Auditor's Responsibility

The external auditors are responsible for independently reviewing and reporting on the Council's and consolidated annual 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 Council 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 Council members.

Approval

The annual financial statements set out on pages 64 to 78, which have been prepared on the going concern basis, were approved by the Council members on 26 June 2015 and were signed on its behalf by:



Mr Musawenkosi Ndlovu
National Secretary



Mr Fred Meier
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 2015;
- The consolidated and separate statements of comprehensive income for period ended 28 February 2015;
- The consolidated and separate statements of changes in funds for the period ended 28 February 2015;
- The consolidated and separate statements of cash flows for the period ended 28 February 2015;
- A summary of significant accounting policies and other explanatory notes, as set on pages 64 to 78.

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 77 to 78 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

Registered Auditors

Per D Munu

Partner

8 July 2015

Consolidated Statement of Net Assets

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Notes	Group		Main Council	
		2015 R	2014 R	2015 R	2014 R
ASSETS					
Non Current Assets		1 533 480 941	1 380 497 878	182 146 964	166 595 087
Property, plant and equipment	2	34 425 532	36 843 705	34 425 532	36 793 484
Other financial assets	3	1 499 055 409	1 343 654 174	147 721 433	129 801 603
Current Assets		64 075 201	59 665 003	36 238 713	30 369 138
Inventories		178 315	92 088	178 315	92 088
Trade and other receivables	4	14 689 858	5 760 650	5 024 986	5 760 650
Cash and cash equivalents		49 207 028	53 812 265	31 035 412	24 516 400
Total assets		1 597 556 142	1 440 162 881	218 385 678	196 964 225
EQUITY AND LIABILITIES					
Equity		336 039 388	272 108 905	188 557 514	159 336 837
Reserves		119 033 537	101 063 065	3 894 136	7 494 136
Surplus funds		217 005 851	171 045 840	184 663 378	151 842 701
Non Current Liabilities		1 219 230 914	1 139 924 333	-	-
Industry employees trust account	7	1 219 230 914	1 139 924 333	-	-
Current Liabilities		42 285 839	28 129 643	29 828 164	37 627 388
Other financial liabilities	5	3 035 346	3 260 219	2 201 863	12 925 338
Trade and other payables	6	39 250 493	24 869 424	27 626 301	24 702 050
Total equity and liabilities		1 597 556 142	1 440 162 881	218 385 678	196 964 225

Consolidated Statement of Comprehensive Income

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Group		Main Council	
	2015 R	2014 R	2015 R	2014 R
Income	341 652 547	296 357 522	164 329 314	140 491 850
Other Income	6 585 998	9 295 357	4 937 072	4 886 512
Operating expenses	(302 278 535)	(287 075 516)	(136 445 709)	(124 137 944)
Operating surplus/(deficit)	45 960 011	18 577 363	32 820 677	21 240 418
Surplus/(Deficit) for the year	45 960 011	18 577 363	32 820 677	21 240 418
Other comprehensive income:	(3 600 000)	-	(3 600 000)	-
Total comprehensive income for the period	42 360 011	18 577 363	29 220 677	21 240 418

Consolidated Statement of Changes in Funds

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Notes	Revaluation Reserve R	Forfeitures Reserve R	Total Reserves R	Surplus Funds R	Total Funds R
Group						
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
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	272 108 907
(Deficit)/Surplus for the period		-	-	-	45 960 011	45 960 011
Other comprehensive income		(3 600 000)	-	(3 600 000)	-	(3 600 000)
Total comprehensive income for the period		(3 600 000)	-	(3 600 000)	45 960 011	42 360 011
Movement to forfeitures reserve		-	21 570 473	21 570 473	-	21 570 473
Balance at 28 February 2015		3 894 136	115 139 401	119 033 537	217 005 852	336 039 390
Main Council						
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
(Deficit)/Surplus for the period		-	-	-	32 820 677	32 820 677
Loss on revaluation of properties		(3 600 000)	-	(3 600 000)	-	(3 600 000)
Total comprehensive income for the period		(3 600 000)	-	(3 600 000)	32 820 677	29 220 677
Balance at 28 February 2015		3 894 136	-	3 894 136	184 663 377	188 557 514

Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Notes	Group		Main Council	
		2015	2014	2015	2014
		R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	A	55 259 440	10 519 228	40 277 938	15 632 011
Transfer of forfeitures/Increase in reserves		21 570 473	50 908 232	-	-
Net cash (outflow)/inflow from operating activities		76 829 913	61 427 459	40 277 938	15 632 011
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(5 144 522)	(3 909 450)	(5 144 522)	(3 909 450)
Proceeds from sale of property, plant and equipment		28 900	65 552	28 900	65 552
Increase in other financial assets		(155 401 235)	(150 228 900)	(17 919 829)	(6 286 351)
Net cash outflow from investing activities		(160 516 857)	(154 072 798)	(23 035 452)	(10 130 249)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease)/Increase in other financial liabilities		(224 874)	(2 452 209)	(10 723 474)	(712 995)
Increase in industry employees trust account		79 306 581	108 694 429	-	-
Net inflow/(outflow) from financing activities		79 081 707	106 242 220	(10 723 474)	(712 995)
Net increase/(decrease) in cash and cash equivalents		(4 605 238)	13 596 881	6 519 012	4 788 767
Cash and cash equivalents at beginning of year		53 812 266	40 215 384	24 516 400	19 727 633
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	49 207 028	53 812 265	31 035 412	24 516 400

Notes to the Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Group		Main Council	
	2015	2014	2015	2014
	R	R	R	R
A. RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH GENERATED FROM OPERATIONS				
Operating (deficit)/surplus	45 960 011	18 577 363	32 820 677	21 240 418
Adjustment for non cash items:	3 933 795	5 053 321	3 883 574	4 941 253
Depreciation and amortisation	3 918 931	5 118 015	3 868 710	5 005 947
(Gain)/Loss on disposal of property, plant and equipment	14 864	(64 694)	14 864	(64 694)
Adjustment for separately disclosable items:				
Interest received	(108 257 317)	(85 016 874)	(16 307 676)	(12 196 989)
Operating cash inflow before working capital changes	(58 363 511)	(61 386 190)	20 396 575	13 984 682
Working capital changes	5 365 634	(13 111 456)	3 573 687	(10 549 660)
Changes in inventories	(86 227)	(3 286)	(86 227)	(3 286)
Changes in trade and other receivables	(8 929 208)	(1 392 189)	735 663	(313 767)
Changes in trade and other payables	14 381 069	(11 715 981)	2 924 251	(10 232 606)
Cash generated from operations	(52 997 877)	(74 497 646)	23 970 262	3 435 022
Interest received	108 257 317	85 016 874	16 307 676	12 196 989
CASH GENERATED FROM OPERATING ACTIVITIES	55 259 440	10 519 228	40 277 938	15 632 011
B. CASH AND CASH EQUIVALENTS				
Bank balances				
Main Council	31 035 412	24 516 400	31 035 412	24 516 400
Wellness Fund	18 171 551	29 295 787	-	-
Holiday Pay Fund	22	26	-	-
Leave Pay Fund	22	26	-	-
Sick Pay Fund	22	26	-	-
	49 207 028	53 812 265	31 035 412	24 516 400

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2015

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.

1.1 Accounting Policy

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.

1.2 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 and Sick Pay 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

Consistent to prior year, 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 2015

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2015			2014		
	Cost/ Valuation	Accumulated Depreciation	Carrying Amount	Cost/ Valuation	Accumulated Depreciation	Carrying Amount
	R	R	R	R	R	R
Land and Buildings	26 000 000	-	26 000 000	29 600 000	-	29 600 000
Furniture & fittings	12 077 736	(10 303 398)	1 774 338	11 502 231	(9 675 721)	1 826 510
Motor vehicles	2 817 539	(2 526 851)	290 688	2 817 539	(2 293 441)	524 098
Office Equipment	3 439 050	(2 845 786)	593 264	3 102 058	(2 572 915)	529 143
IT Equipment	11 312 707	(8 447 994)	2 864 713	9 094 297	(7 076 524)	2 017 773
Computer Software	18 521 949	(15 619 420)	2 902 529	16 546 051	(14 211 343)	2 334 708
Containers	572 384	(572 384)	-	572 384	(560 911)	11 473
	74 741 366	(40 315 834)	34 425 532	73 234 559	(36 390 855)	36 843 705

MAIN COUNCIL	2015			2014		
	Cost/ Valuation	Accumulated Depreciation	Carrying Amount	Cost/ Valuation	Accumulated Depreciation	Carrying Amount
	R	R	R	R	R	R
Land and Buildings	26 000 000	-	26 000 000	29 600 000	-	29 600 000
Furniture & fittings	12 077 736	(10 303 398)	1 774 338	11 464 515	(9 638 005)	1 826 510
Motor vehicles	1 612 808	(1 322 120)	290 688	1 612 808	(1 127 368)	485 440
Office Equipment	3 359 950	(2 766 686)	593 264	3 022 958	(2 493 905)	529 053
IT Equipment	11 119 305	(8 254 592)	2 864 713	8 900 895	(6 883 122)	2 017 773
Computer Software	18 257 149	(15 354 620)	2 902 529	16 281 251	(13 946 543)	2 334 708
	72 426 949	(38 001 418)	34 425 532	70 882 427	(34 088 944)	36 793 484

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2015

2. 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 2015	R	R	R	R	R	R	R	R
Opening 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)
Additions	-	613 221	-	336 992	2 218 410	1 975 898	-	5 144 522
Revaluations through equity	(3 600 000)	-	-	-	-	-	-	(3 600 000)
Disposals at net book value	-	-	-	-	(43 764)	-	-	(43 764)
Current depreciation	-	(665 393)	(233 410)	(272 871)	(1 327 706)	(1 408 077)	(11 473)	(3 918 931)
Closing carrying amount	26 000 000	1 774 338	290 688	593 264	2 864 713	2 902 529	-	34 425 532
Cost	26 000 000	12 077 736	2 817 539	3 439 050	11 312 707	18 521 949	572 384	74 741 366
Accumulated depreciation	-	(10 303 398)	(2 526 851)	(2 845 786)	(8 447 994)	(15 619 420)	(572 384)	(40 315 834)
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	-	945 941	64 900	277 840	1 525 822	1 094 947	-	3 909 450
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)

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2015

2. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

MAIN COUNCIL	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
28 FEBRUARY 2015	R	R	R	R	R	R	R
Opening 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)
Additions	-	613 221	-	336 992	2 218 410	1 975 898	5 144 522
Revaluations through equity	(3 600 000)	-	-	-	-	-	(3 600 000)
Disposals at net book value	-	-	-	-	(43 764)	-	(43 764)
Current depreciation	-	(665 393)	(194 752)	(272 781)	(1 327 706)	(1 408 077)	(3 868 710)
Closing carrying amount	26 000 000	1 774 338	290 688	593 264	2 864 713	2 902 529	34 425 532
Cost	26 000 000	12 077 736	1 612 808	3 359 950	11 119 305	18 257 149	72 426 949
Accumulated depreciation	-	(10 303 398)	(1 322 120)	(2 766 686)	(8 254 592)	(15 354 620)	(38 001 418)
MAIN COUNCIL	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	TOTAL
28 FEBRUARY 2014	R	R	R	R	R	R	R
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
Disposals at net book value	-	-	-	-	(859)	-	(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)

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Group		Main Council	
	2015	2014	2015	2014
	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 Parrow 141 Voortrekker Road Parrow				
- 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	(3 600 000)	-	(3 600 000)	-
Total land and buildings after revaluation	26 000 000	29 600 000	26 000 000	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 28 February 2015. (The previous revaluation was performed as at 28 February 2012.) Details of the revaluation are as follows:				
Erf 2915 Johannesburg, 31 De Korte Street, Braamfontein	11 500 000	13 200 000	13 200 000	13 200 000
Erf 2914 Johannesburg, 29 De Korte Street, Braamfontein	9 400 000	9 500 000	9 500 000	9 500 000
Erf 7498 Parrow, 141 Voortrekker Road, Parrow	5 100 000	6 900 000	6 900 000	6 900 000
Total value as per the revaluation report - 28 February 2015	26 000 000	29 600 000	29 600 000	29 600 000
<i>The valuation stated for the current period was on the basis that the properties will be sold on the assumption of vacant possession.</i>				
3. OTHER FINANCIAL ASSETS				
Held to maturity and demand				
Fixed deposit and money market funds:				
Main Council investments	147 403 954	129 483 785	147 403 954	129 483 785
Holiday Pay Fund investments	244 013 734	272 524 030	-	-
Leave Pay Fund investments	432 759 629	343 834 158	-	-
Sick Pay Fund investments	674 560 614	597 604 551	-	-
	1 498 737 931	1 343 446 523	147 403 954	129 483 785
The investments are held at a variety of financial institutions.				
The yield on investments was 5.88% and 7.10% (February 2014: 5.76% and 7.05%) per annum.				
Loans and Receivables				
Provident Fund	317 478	317 818	317 478	317 818
Wellness Fund - Payable to Main Council	-	(110 167)	-	-
Total other financial assets	1 499 055 409	1 343 654 174	147 721 432	129 801 603

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Group		Main Council	
	2015	2014	2015	2014
	R	R	R	R
4. TRADE AND OTHER RECEIVABLES				
Sundry Debtors	466 657,57	1 482 621	466 658	1 482 621
Sundry Debtors - Provident Fund Payable to Main Council	4 192 539	4 192 539	4 192 539	4 192 539
Deposits	85 490	85 490	85 490	85 490
Receivable - Prepaid Expenses (Health Plan Premium paid in advance in line with SLA)	9 945 171	-	280 300	-
Total trade and other receivables	14 689 858	5 760 650	5 024 986	5 760 650
5. OTHER FINANCIAL LIABILITIES				
Held at amortised cost				
Holiday pay bonus fund	-	-	71 490 673	13 035 998
Leave pay fund	-	-	(44 055 009)	6 405 596
Sick fund	-	-	(42 420 250)	2 067 992
Provident fund	1 293 678	1 293 678	1 293 678	1 293 678
Wellness fund	-	-	14 151 105	(11 844 466)
Unallocated funds received	1 741 667	1 966 540	1 741 667	1 966 540
Total other financial liabilities	3 035 345	3 260 218	2 201 863	12 925 338
6. TRADE AND OTHER PAYABLES				
Trade payables and control account balances	21 139 050	7 152 535	9 973 137	7 152 535
Employee cost related payables	1 870 295	933 507	1 691 169	3 472 471
Incentive bonus provision	8 185 521	5 771 192	7 906 368	5 646 557
VAT	(494 661)	(756 571)	(494 661)	(756 571)
Trust account	3 649 934	3 280 532	3 649 934	3 280 532
Refunds due	4 834 677	4 849 925	4 834 677	4 849 925
Industry Unions and Agency Fees	65 677	1 056 602	65 677	1 056 602
Total trade and other payables	39 250 493	22 287 721	27 626 301	24 702 050

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Group		Main Council	
	2015	2014	2015	2014
	R	R	R	R
7. INDUSTRY EMPLOYEES TRUST ACCOUNT				
Balance at beginning of period				
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		
Contributions received				
Holiday Pay Fund	681 410 278	613 644 158		
Leave Pay Fund	501 713 385	450 813 160		
Sick Pay Fund	379 591 666	341 314 993		
	1 562 715 328	1 405 772 311		
Less:				
Pay-outs for the year				
Holiday Pay Fund	(651 465 904)	(594 224 389)		
Leave Pay Fund	(463 248 523)	(405 398 435)		
Sick Pay Fund	(347 123 848)	(246 546 827)		
	(1 461 838 274)	(1 246 169 650)		
Less:				
Forfeitures adjustment				
Holiday Pay Fund	(5 114 630)	(16 496 353)		
Leave Pay Fund	(6 963 798)	(16 428 575)		
Sick Pay Fund	(9 492 045)	(17 983 304)		
	(21 570 473)	(50 908 232)		
<i>(The forfeitures adjustments relates to forfeitures for the five year ended February 2010)</i>				
Closing balance at the end of the year				
Holiday Pay Fund	268 254 332	243 424 587		
Leave Pay Fund	357 893 100	326 392 036		
Sick Pay Fund	593 083 483	570 107 710		
	1 219 230 914	1 139 924 333		
8. OPERATING EXPENSES				
Included in operating expenses is the following:				
Employee costs	(75 394 158)	(71 299 246)	(69 289 199)	(64 663 640)
Wellness employee health insurance	(114 781 351)	(128 215 339)	-	-
Party representativity funding	(3 414 704)	-	(3 414 704)	-

Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2015

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' 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 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 2015, 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 owes 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 summons 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.

Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2015

	Notes	Group		Main Council	
		2015 R	2014 R	2015 R	2014 R
Revenue					
Levies Received		68 235 761	61 443 074	68 235 761	61 443 074
Wellness fund contributions		165 159 469	146 508 568	-	-
Interest Received		108 257 317	85 016 874	16 307 676	12 196 989
Admin Fees Received		-	3 389 006	79 785 877	66 851 787
		341 652 547	296 357 522	164 329 314	140 491 850
Other Income					
Gains/(Loss) on disposal of assets		(14 864)	64 694	(14 864)	64 694
Rental Income		469 784	475 722	469 784	475 722
Sundry Income		6 131 078	8 754 941	4 482 152	4 346 096
		6 585 998	9 295 357	4 937 072	4 886 512
Income		348 238 546	305 652 879	169 266 386	145 378 362
Operating expenses					
Advertising		(1 984 979)	(1 833 432)	(1 827 704)	(1 833 432)
Arbitration expenses		(13 922 497)	(13 117 057)	(13 922 497)	(13 117 057)
Attendance fees		(3 123 712)	(2 058 759)	(3 123 712)	(2 058 157)
Auditor's remuneration		(641 573)	(927 698)	(641 573)	(927 698)
Bank charges		(1 550 594)	(1 211 992)	(1 544 208)	(1 205 064)
Bursary expense		(3 000)	24 785	(3 000)	24 785
Consulting and Professional fees		(1 729 229)	(2 916 935)	(997 114)	(668 774)
Computer Hardware Leasing and Software Maintenance		(14 826 701)	(11 092 899)	(14 826 701)	(11 092 636)
Complex agreement		545	-	545	-
Depreciation amortisation and impairments		(3 918 931)	(5 118 015)	(3 868 710)	(5 005 947)
Employee costs		(75 394 158)	(71 299 246)	(69 289 199)	(64 663 640)
Equipment hire		(1 062 055)	(1 123 769)	(1 062 055)	(1 123 769)
Exemption body expenses		(501 713)	(275 096)	(501 713)	(275 096)
Forfeitures tracing		(100 812)	(3 128 914)	(100 812)	(3 128 914)
Governance		(306 601)	-	(306 601)	-
Insurance		(835 237)	(827 245)	(669 190)	(622 653)
Legal expenses		(3 734 434)	(2 401 460)	(3 568 060)	(2 384 766)

Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2015

Notes	Group		Main Council	
	2015 R	2014 R	2015 R	2014 R
Operating expenses (continued)				
Lease rentals on operating lease	(2 807 861)	(2 538 578)	(2 807 861)	(2 538 578)
Management fee - Wellness Clinics/Other	(1 096 053)	(6 836 376)	-	-
Medical expenses - Wellness employee health insurance	(114 781 351)	(128 215 339)	-	-
Motor vehicle expenses	(1 969 668)	(1 894 231)	(1 498 874)	(1 428 130)
Non- reclaimable VAT	(13 779 323)	(10 947 333)	(2 609 882)	(2 062 543)
Party representativity fund	(3 414 704)	-	(3 414 704)	-
Penalties and interest	(228 396)	(7 894)	(228 396)	(7 894)
Postage	(294 306)	(256 329)	(294 306)	(195 964)
Printing and stationery	(787 877)	(1 252 114)	(787 877)	(1 241 455)
Repairs and maintenance	(2 142 093)	(2 099 503)	(2 142 093)	(2 099 503)
Security	(1 377 121)	(1 275 738)	(1 377 121)	(1 275 738)
Seminars	-	(19 547)	-	(19 547)
Staff Welfare	(597 598)	(737 520)	(597 163)	(737 520)
Strategic focus areas	-	(229 402)	-	(229 402)
Telephone and fax	(1 514 864)	(1 694 071)	(1 514 864)	(1 634 580)
Training	(388 064)	(233 558)	(388 064)	(233 558)
Travel - local	(511 042)	(718 997)	(511 042)	(718 997)
Treatment Program Costs	(22 656 373)	(9 179 539)	-	-
Trucking Wellness Funding	(8 275 001)	-	-	-
Utilities	(2 021 160)	(1 631 717)	(2 021 160)	(1 631 717)
	(302 278 535)	(287 075 516)	(136 445 709)	(124 137 944)
Operating Surplus/(Deficit)	45 960 011	18 577 363	32 820 677	21 240 418
Surplus/(Deficit) for the period	45 960 011	18 577 363	32 820 677	21 240 418

Acknowledgements

Both internal and external strategic partnerships are an essential contribution to a successful financial year. A warm word of thanks therefore goes to all our staff members, managers and Committees for their hard work, as well as to our strategic partners for their unwavering support. This includes all Council employees, Councillors, industry employers and employees, Deloitte & Touche, the Departments of Labour and Health, the CCMA and the Registrar of the Labour Court (Gauteng).

It must be acknowledged that Trucking Wellness' achievements are only possible due the support of its friends, stakeholders, donors and partners. A special word of thanks goes to all of these important stakeholders, as well as CareWorks and the Corridor Empowerment Project (CEP) which has successfully managed Trucking Wellness for over ten years.

The Council also wishes to thank both the previous and current Health Plan service providers for working together to ensure an efficient handover, as well as all Industry stakeholders for their continuous support of the Plan and adapting to system changes that assist the Council in improving its effectiveness.

