

# ANNUAL REPORT 2016



**NBCRFLI**

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.



# 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 is 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 Council acknowledges that it is ultimately responsible for the system of internal financial control established by the Council and places considerable priority on maintaining a strong control environment. To enable management to meet these responsibilities, the Council 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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on

for the preparation of the 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 has reviewed the Council's cash flow forecast for the year to 28 February 2017 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.

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 pages 4 to 5.

### **Corporate Governance**

The Council endorses 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 recognises 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.

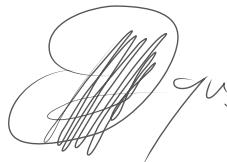
### **Approval**

The annual financial statements set out on pages 6 to 18, which have been prepared on the going concern basis, were approved by the Council on 29 June 2016 and were signed on its behalf by:



**MR MUSAWENKOSI NDLOVU**

National Secretary for NBCRFLI



**DR ZENZO MAHLANGU**

Chairperson

# FINANCIALS



**NBCRF LI**  
National Bargaining Council for the Road Freight and Logistics Industry  
Your Road Freight Partner

**PROFILE OF SERVICE**

*Balance Sheets as at 28 February 2011*

Figures in Rands

Notes

Group

2011

2010

Main Council

2011

2010

**ASSETS**

	2	3	4	5	6	7
Non Current Assets	868 013 126	39 343 510	180 019 769	10 681 499	169 188 840	1 048 032 895
Property, plant and equipment	713 166 156	30 789 441	147 110 838	86 797	7 826 259	860 276 994
Other financial assets	828 669 616	682 376 715	149 430	7 826 259	139 197 782	192 451 017
<b>Current Assets</b>	<b>180 019 769</b>	<b>147 110 838</b>	<b>149 430</b>	<b>86 797</b>	<b>2 620 996</b>	<b>158 45</b>
Inventories	39 343 510	30 789 441	86 797	7 826 259	2 620 996	158 45
Trade and other receivables	10 681 499	7 826 259	149 430	35 604 111	35 604 111	35 604 111
Cash and cash equivalents	169 188 840	139 197 782	35 604 111	28 690	28 690	28 690
<b>Total assets</b>	<b>1 048 032 895</b>	<b>860 276 994</b>	<b>192 451 017</b>	<b>158 45</b>	<b>28 690</b>	<b>28 690</b>

**EQUITY AND LIABILITIES**

	2	3	4	5	6	7
Equity	319 667 983	13 232 137	234 784 126	136 241 692	136 241 692	136 241 692
Reserves	306 435 846	224 963 868	9 820 258	3 532 393	3 532 393	3 532 393
Surplus funds	694 924 939	694 924 939	599 503 329	132 709 299	132 709 299	132 709 299
<b>Non Current Liabilities</b>	<b>694 924 939</b>	<b>694 924 939</b>	<b>599 503 329</b>	<b>-</b>	<b>-</b>	<b>-</b>
Industry employees trust account	33 439 973	25 889 539	25 889 539	-	-	-
<b>Current Liabilities</b>	<b>6 074 056</b>	<b>27 365 917</b>	<b>2 565 714</b>	<b>56 209 325</b>	<b>30 337 975</b>	<b>25 889 539</b>
Other financial liabilities	6 074 056	27 365 917	2 565 714	30 337 975	25 889 539	25 889 539
Trade and other payables	27 365 917	23 423 825	23 423 825	25 889 539	25 889 539	25 889 539
<b>Total equity and liabilities</b>	<b>1 048 032 895</b>	<b>25 889 539</b>	<b>25 889 539</b>	<b>25 889 539</b>	<b>25 889 539</b>	<b>25 889 539</b>

# Council Members' Responsibilities and Approval

## THE NATURE OF BUSINESS

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFI), 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 (NBCRFI) with effect from 23 July 2010.

## COUNCIL MEMBERS RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The Council is 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 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 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 is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 has reviewed the Council's cash flow forecast for the year to 28 February 2017 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 pages 60.

## KING III CORPORATE GOVERNANCE

The 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 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.

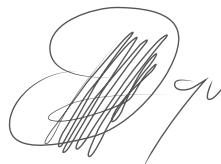
## APPROVAL

The annual financial statements set out on pages 61 to 74, which have been prepared on the going concern basis, were approved by the Council on 29 June 2016 and were signed on its behalf by:



**MR MUSAWENKOSI NDLOVU**

National Secretary for NBCRFI



**DR ZENZO MAHLANGU**

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 29 February 2016;
- The consolidated and separate statements of comprehensive income for period ended 29 February 2016;
- The consolidated and separate statements of changes in funds for the period ended 29 February 2016;
- The consolidated and separate statements of cash flows for the period ended 29 February 2016;
- A summary of significant accounting policies and other explanatory notes, as set on pages 61 to 74.

## **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 66, 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 73 to 74 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*

## **DELOTTE & TOUCHE**

Registered Auditors  
Per D Munu  
Partner  
28 July 2016

# Consolidated Statement of Net Assets

FOR THE PERIOD ENDED 29 FEBRUARY 2016

Notes	Group		Main Council	
	2016	2015	2016	2015
	R	R	R	R
<b>ASSETS</b>				
<b>Non Current Assets</b>	<b>1 591 295 134</b>	<b>1 533 480 941</b>	<b>194 054 689</b>	<b>182 146 965</b>
Property plant and equipment	2 39 284 827	34 425 532	36 010 229	34 425 532
Other financial assets	3 1 552 010 307	1 499 055 409	158 044 460	147 721 433
<b>Current Assets</b>	<b>222 672 438</b>	<b>64 075 201</b>	<b>186 419 964</b>	<b>36 238 713</b>
Inventories	96 554	178 315	96 554	178 315
Trade and other receivables	4 1 148 677	14 689 858	1 148 677	5 024 986
Cash and cash equivalents	221 427 207	49 207 028	185 174 733	31 035 412
<b>Total assets</b>	<b>1 813 967 572</b>	<b>1 597 556 142</b>	<b>380 474 653</b>	<b>218 385 678</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>435 560 389</b>	<b>336 039 388</b>	<b>236 758 979</b>	<b>188 557 514</b>
Reserves	161 308 206	119 033 537	3 894 136	3 894 136
Surplus funds	274 252 183	217 005 851	184 663 378	184 663 378
<b>Non Current Liabilities</b>	<b>1 340 044 327</b>	<b>1 219 230 914</b>	<b>-</b>	<b>-</b>
Industry employees trust account	7 1 340 044 327	1 219 230 914	-	-
<b>Current Liabilities</b>	<b>38 362 857</b>	<b>42 285 839</b>	<b>143 715 673</b>	<b>29 828 164</b>
Other financial liabilities	5 1 747 211	3 035 346	108 091 172	2 201 863
Trade and other payables	6 36 615 646	39 250 493	35 624 501	27 626 301
<b>Total equity and liabilities</b>	<b>1 813 967 572</b>	<b>1 597 556 142</b>	<b>380 474 653</b>	<b>218 385 678</b>

# Consolidated Statement of Comprehensive Income

FOR THE PERIOD ENDED 29 FEBRUARY 2016

Notes	Group		Main Council	
	2016 R	2015 R	2016 R	2015 R
Revenue	383 100 491	341 652 547	200 794 238	164 329 314
Other Income	8 706 000	6 585 998	7 606 049	4 937 072
Income	391 806 491	348 238 546	208 400 287	169 266 386
Operating expenses	(334 560 160)	(302 278 535)	(160 198 820)	(136 445 709)
Operating surplus	57 246 331	45 960 011	48 201 467	32 820 677
Surplus for the year	57 246 331	45 960 011	48 201 467	32 820 677
Other comprehensive income/loss:				
Loss on devaluation of properties	-	(3 600 000)	-	(3 600 000)
<b>Total comprehensive income for the period</b>	<b>57 246 331</b>	<b>42 360 011</b>	<b>48 201 467</b>	<b>29 220 677</b>

# Consolidated Statement of Changes in Funds

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Notes	Revaluation	Forfeitures	Total	Surplus	Total
		Reserve	Reserve	Reserves	Funds	Funds
		R	R	R	R	R
<b>Group</b>						
<b>Balance at 28 February 2014</b>		<b>7 494 136</b>	<b>93 568 929</b>	<b>101 063 065</b>	<b>171 045 841</b>	<b>272 108 907</b>
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		<b>(3 600 000)</b>	-	<b>(3 600 000)</b>	<b>45 960 011</b>	<b>42 360 011</b>
Movement to forfeitures reserve		-	21 570 473	21 570 473	-	21 570 473
<b>Balance at 28 February 2015</b>		<b>3 894 136</b>	<b>115 139 401</b>	<b>119 033 537</b>	<b>217 005 852</b>	<b>336 039 388</b>
Surplus for the period		-	-		57 246 331	57 246 331
Total comprehensive income for the period		-	-	-	57 246 331	57 246 331
Movement to forfeitures reserve		-	42 274 668	42 274 668	-	42 274 668
<b>Balance at 29 February 2016</b>		<b>3 894 136</b>	<b>157 414 070</b>	<b>161 308 206</b>	<b>274 252 183</b>	<b>435 560 389</b>
<b>Main Council</b>						
<b>Balance at 28 February 2014</b>		<b>7 494 136</b>	-	<b>7 494 136</b>	<b>151 842 700</b>	<b>159 336 837</b>
(Deficit)/Surplus for the period		-	-	-	32 820 677	32 820 677
Loss on devaluation of properties		(3 600 000)	-	(3 600 000)	-	(3 600 000)
Total comprehensive income for the period		<b>(3 600 000)</b>	-	<b>(3 600 000)</b>	<b>32 820 677</b>	<b>29 220 677</b>
<b>Balance at 28 February 2015</b>		<b>3 894 136</b>	-	<b>3 894 136</b>	<b>184 663 377</b>	<b>188 557 514</b>
(Deficit)/Surplus for the period					48 201 467	48 201 467
Total comprehensive income for the period		-	-	-	48 201 467	48 201 467
<b>Balance at 29 February 2016</b>		<b>3 894 136</b>	-	<b>3 894 136</b>	<b>232 864 843</b>	<b>236 758 979</b>

# Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Notes	Group		Main Council	
		2016 R	2015 R	2016 R	2015 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash generated from operations	A	71,322,924	55,259,440	64,050,138	40,277,938
Transfer of forfeitures/Increase in reserves		42,274,668	21,570,473	-	-
<b>Net cash inflow from operating activities</b>		<b>113,597,592</b>	<b>76,829,913</b>	<b>64,050,138</b>	<b>40,277,938</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Purchase of property, plant and equipment		(8,363,893)	(5,144,522)	(5,543,196)	(5,144,522)
Proceeds from sale of property, plant and equipment		416,100	28,900	66,097	28,900
Increase in other financial assets		(52,954,898)	(155,401,235)	(10,323,027)	(17,919,829)
<b>Net cash outflow from investing activities</b>		<b>(60,902,691)</b>	<b>(160,516,858)</b>	<b>(15,800,126)</b>	<b>(23,035,451)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
(Decrease)/Increase in other financial liabilities		(1,288,135)	(224,874)	105,889,309	(10,723,474)
Increase in industry employees trust account		120,813,413	79,306,581	-	-
<b>Net inflow/(outflow) from financing activities</b>		<b>119,525,278</b>	<b>79,081,707</b>	<b>105,889,309</b>	<b>(10,723,474)</b>
Net increase/(decrease) in cash and cash equivalents		172,220,179	(4,605,238)	154,139,320	6,519,012
Cash and cash equivalents at beginning of year		49,207,028	53,812,266	31,035,412	24,516,400
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	B	<b>221,427,207</b>	<b>49,207,028</b>	<b>185,174,733</b>	<b>31,035,412</b>

# Notes to the Consolidated Statement of Cash Flows

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Group		Main Council	
	2016 R	2015 R	2016 R	2015 R
<b>A. RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH GENERATED FROM OPERATIONS</b>				
Operating surplus	57,246,331	45,960,011	48,201,467	32,820,677
<b>Adjustment for non cash items:</b>	<b>3,088,498</b>	<b>3,933,795</b>	<b>3,892,400</b>	<b>3,883,574</b>
Depreciation and amortisation	4,208,340	3,918,931	3,912,290	3,868,710
Adjustments to computer software asset: Depreciation	18,109	-	18,109	-
Sponsorship received for purchase of vehicles	(749,951)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(388,000)	14,864	(38,000)	14,864
<b>Adjustment for separately disclosable items:</b>				
Total assets	1 813 967 572	1 597 556 142	380 474 653	218 385 678
Operating cash inflow before working capital changes	(66,873,341)	(58,363,511)	37,675,901	20,396,575
Working capital changes	10,988,095	5,365,634	11,956,271	3,573,687
Changes in inventories	81,762	(86,227)	81,762	(86,227)
Changes in trade and other receivables	13,541,181	(8,929,208)	3,876,310	735,663
Changes in trade and other payables	(2,634,847)	14,381,069	7,998,200	2,924,251
<b>Cash generated from operations</b>	<b>(55,885,246)</b>	<b>(52,997,877)</b>	<b>49,632,172</b>	<b>23,970,262</b>
<b>Interest received</b>	<b>127,208,170</b>	<b>108,257,317</b>	<b>14,417,966</b>	<b>16,307,676</b>
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>71,322,924</b>	<b>55,259,440</b>	<b>64,050,138</b>	<b>40,277,938</b>
<b>B. CASH AND CASH EQUIVALENTS</b>				
Bank balances				
Main Council	185,174,733	31,035,412	185,174,733	31,035,412
Wellness Fund	36,252,440	18,171,551	-	-
Holiday Pay Fund	18	22	-	-
Leave Pay Fund	18	22	-	-
Sick Pay Fund	(1)	22	-	-
	221,427,207	49,207,028	185,174,733	31,035,412

# Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 29 FEBRUARY 2016

## 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 (NBCRFLI) 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 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 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 29 FEBRUARY 2016

## 2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2016			2015		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land and Buildings	26,000,000	-	26,000,000	26,000,000	-	26,000,000
Furniture & fittings	12,603,170	(10,886,466)	1,716,704	12,077,736	(10,303,398)	1,774,338
Motor vehicles	5,170,861	(2,953,771)	2,217,090	1,612,808	(1,322,120)	290,688
Office Equipment	3,439,050	(3,062,115)	376,935	3,359,950	(2,766,686)	593,264
IT Equipment	14,562,775	(10,280,135)	4,282,640	11,119,305	(8,254,592)	2,864,713
Computer Software	20,462,490	(16,764,255)	3,698,234	18,257,149	(15,354,620)	2,902,529
Containers	1,616,863	(623,639)	993,224	572,384	(572,384)	-
	<b>83,855,208</b>	<b>(44,570,381)</b>	<b>39,284,827</b>	<b>72,999,332</b>	<b>(38,573,800)</b>	<b>34,425,532</b>
MAIN COUNCIL	2016			2015		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land and Buildings	26,000,000	-	26,000,000	26,000,000	-	26,000,000
Furniture & fittings	12,495,540	(10,886,466)	1,609,074	12,077,736	(10,303,398)	1,774,338
Motor vehicles	1,453,622	(1,357,688)	95,934	1,612,808	(1,322,120)	290,688
Office Equipment	3,359,950	(2,983,015)	376,935	3,359,950	(2,766,686)	593,264
IT Equipment	14,101,491	(9,851,266)	4,250,226	11,119,305	(8,254,592)	2,864,713
Computer Software	20,156,595	(16,478,535)	3,678,060	18,257,149	(15,354,620)	2,902,529
	<b>77,567,199</b>	<b>(41,556,970)</b>	<b>36,010,229</b>	<b>72,426,949</b>	<b>(38,001,417)</b>	<b>34,425,532</b>

# Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 29 FEBRUARY 2016

## 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
29 FEBRUARY 2016	R	R	R	R	R	R	R	R
Opening 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	74,741,365
Accumulated depreciation	-	(10,303,398)	(2,526,851)	(2,845,786)	(8,447,994)	(15,619,420)	(572,384)	40,315,833
Additions	-	525,434	1,603,371	-	3,250,068	1,940,541	1,044,479	8,363,893
Additions - Sponsorship (Trucking Wellness)	-	-	749,951	-	-	-	-	749,951
Disposals at net book value	-	-	-	-	(28,100)	(18,109)	-	(46,209)
Current depreciation	-	(583,068)	(426,920)	(216,329)	(1,804,041)	(1,126,726)	(51,255)	(4,208,340)
Closing carrying amount	26,000,000	1,716,704	2,217,090	376,935	4,282,640	3,698,234	993,224	39,284,827
Cost	26,000,000	12,603,170	5,170,861	3,439,050	14,562,775	20,462,490	1,616,863	83,855,208
Accumulated depreciation	-	(10,886,466)	(2,953,771)	(3,062,115)	(10,280,135)	(16,764,255)	(623,639)	(44,570,381)
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
Devaluation 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)	(40,315,833)

# Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 29 FEBRUARY 2016

## 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
29 FEBRUARY 2016	R	R	R	R	R	R		R
Opening 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	-	72,426,948
Accumulated depreciation	-	10,303,398	(1,322,120)	(2,766,686)	(8,254,592)	(15,354,620)	-	(38,001,416)
Additions	-	417,804	-	-	3,184,852	1,940,541	-	5,543,196
Disposals at net book value	-	-	-	-	(28,100)	(18,109)	-	(46,209)
Current depreciation	-	(583,068)	(194,754)	(216,329)	(1,791,413)	(1,126,726)	-	(3,912,290)
Closing carrying amount	26,000,000	1,609,074	95,934	376,935	4,250,226	3,678,060		36,010,229
Cost	26,000,000	12,495,540	1,453,622	3,359,950	14,101,491	20,156,595	-	77,567,199
Accumulated depreciation	-	(10,886,466)	(1,357,688)	(2,983,015)	(9,851,266)	16,478,535	-	41,556,970
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
Opening carrying amount	29,600,000	1,826,510	485,440	529,053	2,017,773	2,334,708	-	36,793,485
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	-	(34,088,943)
Additions	-	613,221	-	336,992	2,218,410	1,975,898	-	5,144,522
Devaluation 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)	-	(3,868,709)
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	-	72,426,948
Accumulated depreciation	-	10,303,398	(1,322,120)	(2,766,686)	(8,254,592)	(15,354,620)	-	(38,001,416)

# Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Group		Main Council	
	2016 R	2015 R	2016 R	2015 R
<b>PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>				
<b>Other information</b>				
<b>Details of properties</b>				
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				
- Improvements				
<b>Total land and buildings before revaluation</b>				
Devaluation of land and buildings				
<b>Total land and buildings after revaluation</b>				
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				
Erf 2914 Johannesburg, 29 De Korte Street, Braamfontein				
Erf 7498 Parrow, 141 Voortrekker Road, Parrow				
<b>Total value as per the revaluation report - 29 February 2016</b>				
<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>				
<b>3. OTHER FINANCIAL ASSETS</b>				
<b>Held to maturity and demand</b>				
Fixed deposit and money market funds:				
Main Council investments				
158,044,460				
Holiday Pay Fund investments				
323,258,295				
Leave Pay Fund investments				
389,637,058				
Sick Pay Fund investments				
681,070,494				
<b>1,552,010,307</b>				
The investments are held at a variety of financial institutions.				
The yield on investments was 6.92% and 7.9% (February 2015: 5.88% and 7.10%) per annum.				
<b>Loans and Receivables</b>				
Provident Fund				
- 317,478				
<b>Total other financial assets</b>				
<b>4. TRADE AND OTHER RECEIVABLES</b>				
Sundry Debtors				
663,634				
Sundry Debtors - Provident Fund Payable to Main Council				
- 4,192,539				
Deposits				
205,479				
Receivable - Prepaid Expenses				
279,564				
<b>Total trade and other receivables</b>				
<b>1,148,677</b>				
<b>14,689,858</b>				
<b>1,148,677</b>				
<b>5,024,986</b>				

# Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Group		Main Council	
	2016 R	2015 R	2016 R	2015 R
<b>5. OTHER FINANCIAL LIABILITIES</b>				
<b>Held at amortised cost</b>				
Holiday pay bonus fund	-	-	20,988,190	71,490,673
Leave pay fund	-	-	60,235,253	(44,055,009)
Sick fund	-	-	24,248,212	(42,420,250)
Provident fund	-	1,293,678	-	1,293,678
Wellness fund	-	-	872,306	14,151,105
Unallocated funds received	1,747,211	1,741,667	1,747,211	1,741,667
<b>Total other financial liabilities</b>	<b>1,747,211</b>	<b>3,035,346</b>	<b>108,091,172</b>	<b>2,201,863</b>
<b>6. TRADE AND OTHER PAYABLES</b>				
Trade payables and control account balances	11,939,834	21,139,050	<b>10,920,203</b>	9,973,137
Employee cost related payables	2,094,121	1,870,295	2,398,777	1,691,169
Incentive bonus provision	8,930,421	8,185,521	8,654,252	7,906,368
VAT	2,015,091	(494,661)	2,015,091	(494,661)
Trust account	5,515,234	3,649,934	5,515,234	3,649,934
Refunds due	4,859,710	4,834,677	4,859,710	4,834,677
Industry Unions and Agency Fees	1,261,235	65,677	1,261,235	65,677
<b>Total trade and other payables</b>	<b>36,615,646</b>	<b>39,250,493</b>	<b>35,624,501</b>	<b>27,626,301</b>
<b>7. INDUSTRY EMPLOYEES TRUST ACCOUNT</b>				
<b>Balance at beginning of period</b>				
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		
	<b>1,219,230,914</b>	<b>1,139,924,333</b>		
<b>Contributions received</b>				
Holiday Pay Fund	747,018,122	681,410,278		
Leave Pay Fund	550,222,537	501,713,385		
Sick Pay Fund	416,990,754	379,591,666		
	<b>1,714,231,412</b>	<b>,562,715,328</b>		
<b>Less:</b>				
<b>Pay-outs for the year</b>				
Holiday Pay Fund	(718,276,047)	(651,465,904)		
Leave Pay Fund	(489,054,851)	(463,248,523)		
Sick Pay Fund	(343,812,433)	(347,123,848)		
	<b>(1,551,143,331)</b>	<b>(1,461,838,274)</b>		
<b>Less:</b>				
<b>Forfeitures adjustment</b>				
Holiday Pay Fund	(16,352,315)	(5,114,630)		
Leave Pay Fund	(9,429,216)	(6,963,798)		
Sick Pay Fund	(16,493,137)	(9,492,045)		
	<b>(42,274,668)</b>	<b>(21,570,473)</b>		

# Notes to the Consolidated Annual Financial Statements

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Group		Main Council	
	2016 R	2015 R	2016 R	2015 R
<i>(The forfeitures adjustments relates to forfeitures for the five year ended February 2011)</i>				
<b>Closing balance at the end of the year</b>				
Holiday Pay Fund	280,644,091	268,254,332		
Leave Pay Fund	409,631,570	357,893,100		
Sick Pay Fund	649,768,667	593,083,483		
	1,340,044,327	1,219,230,914		
<b>8. OPERATING EXPENSES</b>				
Included in operating expenses is the following:				
Employee costs	(83,952,637)	(75,394,158)	(77,965,867)	(69,289,199)
Party representativity funding	-	(3,414,704)	-	(3,414,704)

## 9. TAXATION

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

## 10. CONTINGENCIES

- (a) In terms of the Labour Relations Act of 1995, parties to the bargaining council must be representing 50% plus one in order for the minister to promulgate for enforcement of the collective agreement to the industry.
- (b) 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 counter-claim against Council with a contingent liability of R3,569,129. E-Prime Dynamix has since been liquidated and it is unlikely that the matter would proceed to court.

# Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 29 FEBRUARY 2016

	Notes	Group		Main Council	
		2016 R	2015 R	2016 R	2015 R
<b>Revenue</b>					
Levies Received		75,627,547	68,235,761	75,627,547	68,235,761
Wellness fund contributions		180,264,774	165,159,469	-	-
Interest Received		127,208,170	108,257,317	14,417,966	16,307,676
Admin Fees Received		-	-	110,748,725	79,785,877
		<b>383,100,491</b>	<b>341,652,547</b>	<b>200,794,238</b>	<b>164,329,314</b>
<b>Other Income</b>					
Gains/(Loss) on disposal of assets		380,295	(14,864)	30,295	(14,864)
Rental Income		478,263	469,784	478,263	469,784
Sundry Income		7,847,441	6,131,078	7,097,491	4,482,152
		<b>8,706,000</b>	<b>6,585,998</b>	<b>7,606,049</b>	<b>4,937,072</b>
<b>Income</b>		<b>391,806,491</b>	<b>348,238,546</b>	<b>208,400,287</b>	<b>169,266,386</b>
<b>Operating expenses</b>					
Advertising		(2,715,182)	(1,984,979)	(2,421,019)	(1,827,704)
Arbitration expenses		(16,423,368)	(13,922,497)	(16,423,368)	(13,922,497)
Attendance fees		(3,634,693)	(3,123,712)	(3,634,693)	(3,123,712)
Auditor's remuneration		(1,129,583)	(641,573)	(1,129,583)	(641,573)
Bank charges		(2,154,503)	(1,550,594)	(2,147,799)	(1,544,208)
Bursary expense		(222,420)	(3,000)	(222,420)	(3,000)
Consulting and Professional fees		(1,822,092)	(1,729,229)	(1,791,492)	(997,114)
Computer Hardware Leasing and Software Maintenance		(19,193,346)	(14,826,701)	(19,193,346)	(14,826,701)
Complex agreement		-	545	-	545
Depreciation amortisation and impairments		(4,208,340)	(3,918,931)	(3,912,290)	(3,868,710)
Employee costs		(83,952,637)	(75,394,158)	(77,965,867)	(69,289,199)
Equipment hire		(2,533,649)	(1,062,055)	(2,533,649)	(1,062,055)
Exemption body expenses		(599,612)	(501,713)	(599,612)	(501,713)
Forfeitures tracing		(41,348)	(100,812)	(41,348)	(100,812)
Governance		-	(306,601)	-	(306,601)
Insurance		(1,099,425)	(835,237)	(894,713)	(669,190)
Legal expenses		(2,989,552)	(3,734,434)	(2,766,497)	(3,568,060)

# Detailed Consolidated Income Statement

FOR THE PERIOD ENDED 29 FEBRUARY 2016

Notes	Group		Main Council	
	2015 R	2014 R	2015 R	2014 R
<b>Operating expenses (continued)</b>				
Lease rentals on operating lease	(2,576,012)	(2,807,861)	(2,576,012)	(2,807,861)
Management fee - Wellness Clinics/Other	(718,200)	(1,096,053)	-	-
Medical expenses - Wellness employee health insurance	(128,323,862)	(114,781,351)	-	-
Mobile Office	(58,402)	-	(58,402)	-
Motor vehicle expenses	(1,595,122)	(1,969,668)	(1,359,044)	(1,498,874)
Negotiation Paradigm	(2,818,231)	-	(2,818,231)	
Non- reclaimable VAT	(3,343,978)	(13,779,323)	(2,381,259)	(2,609,882)
Party representativity fund	-	(3,414,704)	-	(3,414,704)
Penalties and interest	(703,348)	(228,396)	(703,343)	(228,396)
Postage	(286,184)	(294,306)	(286,184)	(294,306)
Printing and stationery	(1,199,761)	(787,877)	(1,199,761)	(787,877)
Repairs and maintenance	(2,928,573)	(2,142,093)	(2,928,573)	(2,142,093)
Security	(1,786,967)	(1,377,121)	(1,786,967)	(1,377,121)
Seminars	(654,873)	-	(654,873)	-
Staff Welfare	(1,187,230)	(597,598)	(1,187,231)	(597,163)
Telephone and fax	(1,891,095)	(1,514,864)	(1,891,095)	(1,514,864)
Training	(820,579)	(388,064)	(820,579)	(388,064)
Travel - local	(1,036,576)	(511,042)	(1,028,370)	(511,042)
Treatment Program Costs	(27,398,311)	(22,656,373)	-	-
Trucking Wellness Funding	(9,671,909)	(8,275,001)	-	-
<b>Utilities</b>	<b>(2,841,198)</b>	<b>(2,021,160)</b>	<b>(2,841,198)</b>	<b>(2,021,160)</b>
	(334,560,160)	(302,278,535)	(160,198,820)	(136,445,709)
Operating Surplus	57,246,331	45,960,011	48,201,467	32,820,677
<b>Surplus for the period</b>	<b>57,246,331</b>	<b>45,960,011</b>	<b>48,201,467</b>	<b>32,820,677</b>

# ACKNOWLEDGEMENTS

The NBCRFLI is incredibly grateful to all internal and external strategic partnerships for their individual contributions in helping it achieve success during the year under review. A big thank you goes to all the NBCRFLI staff members, managers and Committees for their hard work, as well as to the Council's strategic partners for their unconditional support. This includes all Council employees, Councillors, industry employers and employees, Deloitte and Touche, the Department of Labour and Department of Health, the CCMA and the Registrar of the Labour Court (Gauteng).

It is important to note that the Trucking Wellness' achievements would not have been possible without 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), who have successfully managed Trucking Wellness for over 10 years.

The Council would also like to extend its thanks to Mr K Thibedi for working tirelessly at facilitating a successful wage negotiation as well as the attorneys who assisted the Council with all legal matters.



