

A man in a white high-visibility vest is pushing a hand truck loaded with boxes. The background is slightly blurred, showing a white fence and a white car. The image is framed by a large yellow circle on the right side.

ANNUAL REPORT 2017



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.

YOUR
ROAD
FREIGHT
PARTNER

”



AUDITED FINANCIAL STATEMENTS

COUNCIL MEMBERS' RESPONSIBILITIES AND APPROVAL

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI), is an organisation registered as a Bargaining Council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organisation changed its name from the National Bargaining Council for the Road Freight Industry (NBCRFI) to National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) with effect from 23 July 2010.

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.

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 its 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 page 75.

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 its affairs in compliance with sound corporate governance principles, with integrity and accountability.

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 Council.

APPROVAL

The annual financial statements set out on pages 76 to 88, which have been prepared on the going concern basis, were approved by the Council on 28 July 2017 and were signed on its behalf by:



MR MUSAWENKOSI NDLOVU
National Secretary for NBCRFLI



FRED MEIER
Chairperson



FINANCIALS



NBCRFLI
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

2011

ASSETS

Non Current Assets

Property, plant and equipment
Other financial assets

868 013 126
39 342



THE NATURE OF BUSINESS

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) is an organisation registered as a bargaining council in terms of section 29 (15)(a) of the Labour Relations Act 1995. The organisation changed its name from the National Bargaining Council for the Road Freight Industry (NBCRFI) to National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) with effect from 23 July 2010.

INTERNAL CONTROL

The Council acknowledges that it is 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 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.

GOING CONCERN

The Council has reviewed its cash flow forecast for the year to 29 February 2018 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 75.

KING III 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 its affairs in compliance with sound corporate governance principles, with integrity and accountability.

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 Council.

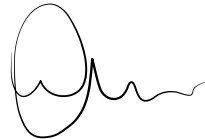
APPROVAL

The annual financial statements set out on pages 76 to 88, which have been prepared on the going concern basis, were approved by the Council on 28 July 2017 and were signed on its behalf by:



MR MUSAWENKOSI NDLOVU

National Secretary for NBCRFLI



FRED MEIER

Chairperson



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE NATIONAL BARGAINING COUNCIL FOR THE ROAD FREIGHT AND LOGISTICS INDUSTRY

Opinion

We have audited the financial statements of the National Bargaining Council for the Road Freight and Logistics Industry ("the Council") set out on pages 76 to 86, which comprise:

- The statement of financial position as at 28 February 2017;
- The statements of comprehensive income for period ended 28 February 2017;
- The statements of changes in funds for the period ended 28 February 2017;
- The statements of cash flows for the period ended 28 February 2017;
- The notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) and the requirements of the Section 53(2) (b) of the Labour Relations Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the entity in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The members of Council are responsible for the other information. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of members of Council for the Financial Statements

The members of Council are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities and requirements of Section 53(2) (b) of the Labour Relations Act of South Africa, and for such internal control as members of Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of Council are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members of Council either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by members of the Council.
- Conclude on the appropriateness of the members of Council's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events of conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the members of Council regarding, among other matters, the planned scope and timing of the audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

There are no instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.

Deloitte & Touche

DELOITTE & TOUCHE

Registered Auditors
Per T Magare
Partner

31 August 2017

Statement of Financial Position

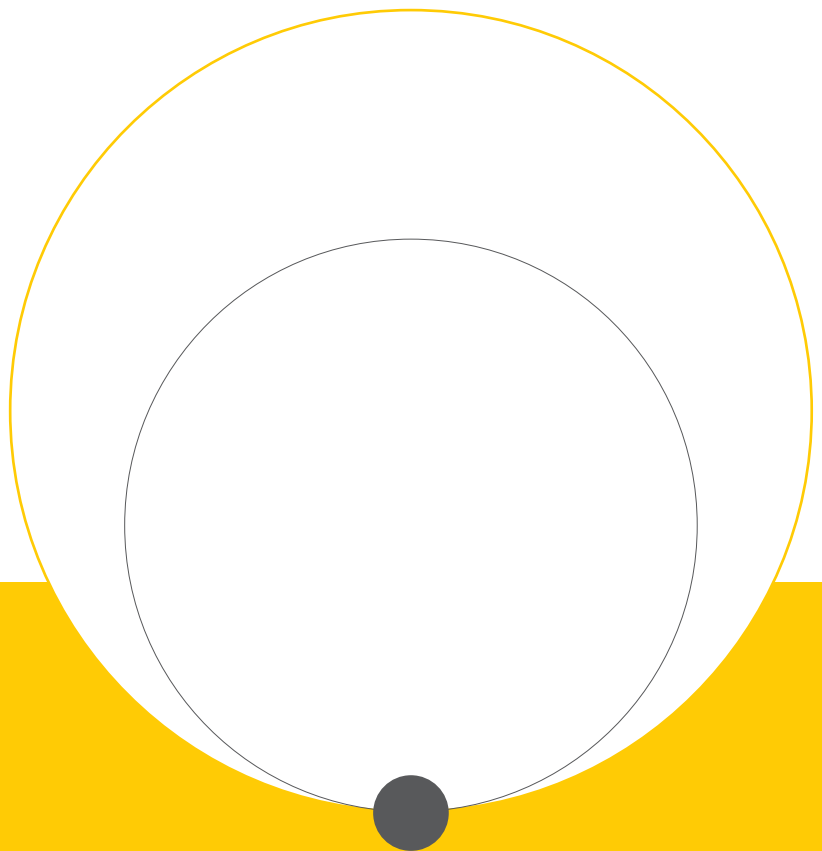
FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
ASSETS			
Non Current Assets		2 041 020 379	1 591 295 134
Property plant and equipment	2	44 720 601	39 284 827
Other financial assets	3	1 996 299 777	1 552 010 307
Current Assets		50 399 711	222 672 438
Inventories		96 811	96 554
Trade and other receivables	4	3 851 264	1 148 677
Cash and cash equivalents		46 451 637	221 427 207
Total assets		2 091 420 091	1 813 967 573
EQUITY AND LIABILITIES			
Equity		735 095 769	435 560 389
Reserves		372 604 363	161 308 206
Surplus funds		362 491 406	274 252 183
Non Current Liabilities		1 311 086 158	1 340 044 327
Industry employees trust account	7	1 311 086 158	1 340 044 327
Current Liabilities		45 238 164	38 362 857
Other financial liabilities	5	2 440 002	1 747 211
Trade and other payables	6	42 798 162	36 615 646
Total equity and liabilities		2 091 420 091	1 813 967 573

Statement of Comprehensive Income

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Revenue		456 185 209	383 100 491
Other Income		7 500 042	8 706 000
Income		463 685 250	391 806 491
Operating expenses	8	(375 446 028)	(334 560 160)
Operating surplus (deficit)		88 239 222	57 246 331
Surplus/(Deficit) for the year		88 239 222	57 246 331
Other comprehensive income/loss:		-	-
Gain on revaluation of assets		9 011 294	-
Total comprehensive income for the period		97 250 517	57 246 331



Statement of Changes in Funds

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	Revaluation Reserve R	Forfeitures Reserve R	Total Reserves R	Surplus Funds R	Total Funds R
Balance at 28 February 2015		3 894 136	115 139 401	119 033 537	217 005 852	336 039 390
(Deficit)/Surplus for the period		-	-	-	57 246 331	57 246 331
Other comprehensive income		-	-	-	-	-
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
Balance at 28 February 2016		3 894 136	157 414 070	161 308 206	274 252 183	435 560 389
(Deficit)/Surplus for the period		-	-	-	88 239 222	88 239 222
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	88 239 222	88 239 222
Movement to forfeitures reserve		-	202 284 863	202 284 863	-	202 284 863
Gain on revaluation of assets		9 011 294	-	9 011 294	-	9 011 294
Balance at 28 February 2017		12 905 430	359 698 932	372 604 363	362 491 406	735 095 769

Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	100 305 609	71 322 924
Transfer of forfeitures /increase in reserves		202 284 863	42 274 668
Net cash (outflow)/inflow from operating activities		302 590 472	113 597 592
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5 214 199)	(8 363 893)
Proceeds/Loss from sale of property, plant and equipment		203 007	416 100
Increase in other financial assets		(444 289 470)	(52 954 898)
Net cash outflow from investing activities		(449 300 662)	(60 902 691)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease)/Increase in other financial liabilities		692 790	(1 288 135)
Increase in industry employees trust account		(28 958 169)	120 813 413
Net inflow/(outflow) from financing activities		(28 265 379)	119 525 278
Net increase/(decrease) in cash and cash equivalents		(174 975 569)	172 220 180
Cash and cash equivalents at beginning of year		221 427 207	49 207 028
CASH AND CASH EQUIVALENTS AT END OF YEAR	B	46 451 637	221 427 207

Notes to the Statement of Cash Flows

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
A. RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH GENERATED FROM OPERATIONS		
Operating (Deficit)/Surplus	97 250 517	57 246 331
Adjustment for non cash items:	(424 580)	3 088 498
Depreciation and amortisation	8 665 103	4 208 340
Adjustments to computer software asset: Depreciation	-	18 109
Gains on revaluation of assets	(9 011 294)	-
Sponsorship received for purchase of vehicles	-	(749 951)
(Gain)/Loss on disposal of property, plant and equipment	(78 389)	(388 000)
Adjustment for separately disclosable items:		
Interest received	(181 256 551)	(127 208 170)
Operating cash inflow before working capital changes:	(84 430 615)	(66 873 341)
Working capital changes	3 479 673	10 988 095
Changes in inventories	(257)	81 761
Changes in trade and other receivables	(2 702 587)	13 541 181
Changes in trade and other payables	6 182 516	(2 634 847)
Cash generated from operations	(80 950 942)	(55 885 246)
Interest received	181 256 551	127 208 170
CASH GENERATED FROM OPERATING ACTIVITIES	100 305 609	71 322 924
B. CASH AND CASH EQUIVALENTS		
Bank balances		
Main Council	28 929 642	185 174 733
Wellness Fund	17 521 943	36 252 440
Holiday Pay Fund	18	18
Leave Pay Fund	18	18
Sick Pay Fund	18	(1)
	46 451 637	221 427 207

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

REPORTING ENTITY

The National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) is an organisation registered as a bargaining council in terms of section 29(15)(a) of the Labour Relations Act 1995. The organisation changed its name from the National Bargaining Council for the Road Freight Industry (NBCRFI) to National Bargaining Council for the Road Freight and Logistics Industry (NBCRFLI) with effect from the 23 July 2010.

1.1 Accounting Policy

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the international Accounting Standards Board. They are presented in Rands. The 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 a 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. If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and if current expectation differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as change in an accounting estimate in accordance with paragraphs 10(15) to 10(18) of IFRS for SMEs.

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 between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

- Trade and Other Payables

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

- Cash and Cash Equivalents

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

- Held to Maturity and Loans and Receivables

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

1.4 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 Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

2. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R	Cost/ Valuation R	Accumulated Depreciation R	Carrying Amount R
Land & Buildings	26 000 000	-	26 000 000	26 000 000	-	26 000 000
Furniture & fittings	15 019 999	(12 412 248)	2 607 752	12 603 170	(10 886 466)	1 716 704
Motor vehicles	5 700 910	(3 529 204)	(2 171 707)	5 170 861	(2 953 771)	2 217 090
Office Equipment	3 955 521	(3 482 574)	472 947	3 439 050	(3 062 115)	376 935
IT Equipment	18 823 917	(13 405 577)	5 418 340	14 562 775	(10 280 135)	4 282 640
Computer Software	25 994 512	(19 545 613)	6 448 899	20 444 381	(16 746 146)	3 698 234
Containers	2 567 733	(966 775)	1 600 958	1 616 863	(623 639)	993 224
	98 062 592	(53 341 990)	44 720 602	83 837 099	(44 552 272)	39 284 827

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

2. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Containers	TOTAL
28 FEBRUARY 2017	R	R	R	R	R	R	R	R
Opening 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	20 444 381	1 616 863	83 837 099
Accumulated depreciation	-	(10 886 466)	(2 953 771)	(3 062 115)	(10 280 135)	(16 746 146)	(623 639)	(44 552 272)
Additions	-	593 945	530 049	3 825	1 807 883	1 456 405	822 092	5 214 199
Gain on revaluation through equity	-	1 822 885	-	512 646	2 453 259	4 093 726	128 778	9 011 294
Disposals at net book value	-	-	(72 610)	-	(52 005)	-	-	(124 615)
Current depreciation	-	(1 525 782)	(502 823)	(420 459)	(3 073 437)	(2 799 466)	(343 136)	(8 665 104)
Closing carrying amount	26 000 000	2 607 752	2 171 707	472 947	5 418 340	6 448 899	1 600 958	44 720 602
Cost	26 000 000	15 019 999	5 700 910	3 955 521	18 823 917	25 994 512	2 567 733	98 062 592
Accumulated depreciation	-	(12 412 248)	(3 529 204)	(3 482 574)	(13 405 577)	(19 545 613)	(966 775)	(53 341 990)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Furniture & Fittings	Motor Vehicles	Office Equipment	IT Equipment	Computer Software	Container	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	20 444 381	1 616 863	83 837 100
Accumulated depreciation	-	(10 886 466)	(2 953 771)	(3 062 115)	(10 280 135)	(16 746 146)	(623 639)	(44 552 272)

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
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	26 000 000	26 000 000
- Improvements	-	-
Total land and buildings before revaluation	26 000 000	26 000 000
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 NBCRFLLI.		
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	11 500 000
Erf 2914 Johannesburg, 29 De Korte Street, Braamfontein	9 400 000	9 400 000
Erf 7498 Parrow, 141 Voortrekker Road, Parrow	5 100 000	5 100 000
Total value as per the revaluation report - 28 February 2017	26 000 000	26 000 000
<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>		
2.1 Change in Accounting Estimate		
<i>The useful life of some assets was revised based on the indication that they will bring future economic benefits to the entity.</i>		
Details of the assets which their useful life was revised at year end		
Furnitures and Fittings	1 822 885	-
Office Equipment	512 646	-
Computer/IT Equipment	2 453 259	-
Computer Software	4 093 726	-
Containers	128 778	-
	9 011 294	-
3. OTHER FINANCIAL ASSETS		
Held to maturity and demand		
Fixed deposit and money market funds:		
Main Council Investment	309 068 335	158 044 450
Holiday Pay Fund Investment	376 889 050	323 258 295
Leave Pay Fund Investment	524 112 669	389 637 058
Sick Pay Fund Investment	768 225 575	681 070 494
Wellness Fund Investment	18 004 147	-
	1 996 299 777	1 552 101 307
The investments are held at a variety of financial institutions.		
The yield on investments was 7.00% and 8.03% (February 2016: 6.92% and 7.90%) per annum.		
Total other financial assets	1 996 299 777	1 552 101 307
4. TRADE AND OTHER RECEIVABLES		
Sundry Debtors	1 331 959	663 634
Deposits	356 218	205 479
Receivable - Prepaid Expenses	163 087	279 564
Wellness Accrued Income - Profit Share African Unity Limited	2 000 000	-
Total trade and other receivables	3 851 264	1 148 677

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
5. OTHER FINANCIAL LIABILITIES		
Held at amortised cost		
Holiday Pay Bonus Fund	-	-
Leave Pay Fund	-	-
Sick Fund	-	-
Wellness Fund	-	-
Unallocated funds received	2 440 003	1 747 211
Total other financial liabilities	2 440 003	1 747 211
6. TRADE AND OTHER PAYABLES		
Trade payables and control account balances	17 038 667	11 939 834
Employee cost related payables	1 985 670	2 094 121
Incentive bonus provision	10 924 121	8 930 421
VAT	2 013 984	2 015 091
Trust account	4 363 533	5 515 234
Refunds due	4 971 665	4 859 710
Industry Unions and Agency Fees	1 500 523	1 261 235
Total trade and other payables	42 798 162	36 615 646
7. INDUSTRY EMPLOYEES TRUST ACCOUNT		
Balance at beginning of period		
Holiday Pay Fund	28 644 092	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	1 219 230 915
Contributions received		
Holiday Pay Fund	813 025 853	747 018 122
Leave Pay Fund	598 656 276	550 222 537
Sick Pay Fund	451 652 587	416 990 754
	1 863 334 716	1 714 231 413
Less:		
Pay-outs for the year		
Holiday Pay Fund	(775 018 872)	(718 276 047)
Leave Pay Fund	(524 259 767)	(489 054 851)
Sick Pay Fund	(390 729 387)	(343 812 433)
	1 690 008 025	1 551 143 331
Less:		
Forfeitures adjustment		
Holiday Pay Fund	(84 265 800)	(16 352 315)
Leave Pay Fund	(46 752 151)	(9 429 216)
Sick Pay Fund	(71 266 910)	(16 493 137)
	(202 284 861)	(42 274 668)
(The forfeitures adjustments relates to forfeitures for the 5 year ended February 2012)		
Closing balance at the end of the year		
Holiday Pay Fund	234 385 273	280 644 092
Leave Pay Fund	437 275 928	409 631 570
Sick Pay Fund	639 424 957	649 768 667
	1 311 086 158	1 340 044 327

7.1 General Provisions of Benefits Funds in terms of Industry Collective Agreement

- The provisions of the agreement made and entered into by parties in the Council, Promulgated under Government notice dated 15 January 1971 sub clause of Holiday Pay Bonus Fund, Leave Pay Fund, Sick Fund made the following provisions on the administration of benefit funds:
- All the money paid into any of the benefit funds, referred to in clause 24, must be deposited in a special bank account to be operated for and in the name of the benefit fund.
- Income earned on invested money accrues to the Council
- Any contribution paid to a benefit fund, which is not claimed or otherwise legally disposed off within five years of receipt of that contribution will be forfeited to the reserve funds of the contribution concerned.
- Any money in the benefit fund that is not required for immediate use may be invested by the Council from time to time in terms of Section 53(5) of the Act.
- In respect of each benefit fund, the Council must appoint a registered auditor to audit the accounts of the relevant benefit fund at least once a year and prepare a statement showing all money received and expenditure incurred under all headings for the financial year to the end of February together with a statement of financial position showing the assets and liabilities of the funds as at that date.

Notes to the Annual Financial Statements

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	2017 R	2016 R
8. OPERATING EXPENSES		
Included in operating expenses is the following:		
Employee costs	(94 811 445)	(83 952 637)

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, the 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 the Council with a contingent liability of R3,569,129. E-Prime Dynamix has since been liquidated and it is unlikely that the matter will proceed to court.

Detailed Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Revenue			
Levies Received		78 973 216	75 627 547
Wellness Fund Contributions		195 955 441	180 264 774
Interest Received		181 256 551	127 208 170
Admin Fees Received		-	-
		456 185 209	383 100 491
Other Income			
Gains/(Loss) on disposal of assets		78 389	380 295
Rental Income		439 597	478 263
Sundry Income		6 982 055	7 847 441
		7 500 042	8 706 000
Income		463 685 250	391 806 491
Operating expenses			
Advertising		(3 285 885)	(2 715 182)
Arbitration expenses		(16 894 071)	(16 423 368)
Attendance fees		(4 248 050)	(3 634 693)
Auditor's remuneration		(904 126)	(1 129 583)
Bad debts written off		(992 721)	-
Bank charges		(2 364 174)	(2 154 503)
Bursary expense		(911 744)	(222 420)
Consulting and Professional fees		(3 124 913)	(1 822 092)
Computer Hardware Leasing and Software Maintenance		(20 171 200)	(19 193 346)
Depreciation amortisation and impairments		(8 665 103)	(4 208 340)
Employee costs		(94 811 445)	(83 952 637)
Equipment hire		(2 709 261)	(2 533 649)
Exemption body expenses		(703 548)	(599 612)
Forfeitures tracing		-	(41 348)
Loss on scrapped assets		(124 515)	-
Insurance		(861 092)	(1 099 425)
Legal expenses		(2 697 995)	(2 989 552)
Lease rentals on operating lease		(2 816 429)	(2 576 012)
Management fee - Wellness Clinics/Other		(486 780)	(718 200)
Medical expenses - Wellness employee health insurance		(146 065 790)	(128 323 862)
Mobile Office		-	(58 402)
Motor vehicle expenses		(1 544 381)	(1 595 122)
Negotiation Paradigm		(349 095)	(2 818 231)
Non-reclaimable VAT		-	(3 343 978)
Paycard		(534 489)	-
Penalties and interest		(1 611)	(703 348)
Postage		(347 888)	(286 184)

Detailed Income Statement

FOR THE PERIOD ENDED 28 FEBRUARY 2017

	Notes	2017 R	2016 R
Printing and stationery		(1 854 727)	(1 199 761)
Repairs and maintenance		(2 729 141)	(2 928 573)
Security		(1 953 780)	(1 786 967)
Seminars		(400 580)	(654 873)
Staff welfare		(1 651 503)	(1 187 230)
Staff training		(1 141 096)	(820 579)
Telephone and fax		(1 921 549)	(1 891 095)
Training Councillors		(185 034)	-
Travel local		(1 444 759)	(1 036 576)
Treatment		(30 868 059)	(27 398 311)
Trucking Wellness Funding		(11 865 655)	(9 671 909)
Utilities		(3 813 840)	(2 841 198)
		(375 446 028)	(334 560 160)
Operating Surplus(Deficit)		88 239 222	57 246 331
Other Comprehensive Income			
Gain on revaluation of assests		9 011 294	-
Surplus (Deficit) for the period		97 250 517	57 246 331

2017 HIGHLIGHTS & ACCOMPLISHMENTS



Extension of the Council's Main Collective Agreement period of operation to 2019



Introduced the Paycard Solution



The operational expenditure was 13.62% below the budget



Overall revenue increased by 19.08%



Revenue for Main Council increased by 28.98%



0.19% reduction in HIV infections through the Trucking Wellness Centres



1 925+ people had themselves tested for HIV through the Trucking Wellness centres



46 employees partook in different training courses with a total investment of R 229 364.97



Currently the Council has awarded 28 bursaries to our employees to the value of R 1 295 045.00



Mobi app had 2 154 unique users



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 Touché, the Department of Labour and Department of Health, the CCMA and the Registrar's of the Labour Courts.

It is important to note that the Trucking Wellness' achievements would not have been possible without the support of its stakeholders, donors and partners.



