



NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.



20 ANNUAL 18 REPORT

Your Road Freight Partner.



STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Note(s)	2018	2017 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	2	40 986 972	37 681 172
Intangible assets	3	7 141 619	7 039 430
		48 128 591	44 720 602
Current Assets			
Inventories	6	141 978	96 811
Trade and other receivables	5	4 204 107	3 851 263
Other financial assets	4	1 910 560 466	1 996 299 776
Cash and cash equivalents	7	330 298 808	46 451 637
		2 245 205 359	2 046 699 487
Total Assets		2 293 333 950	2 091 420 089
Equity and Liabilities			
Equity			
Reserves		8 494 136	3 894 136
Surplus funds		454 935 808	369 523 559
		463 429 944	373 417 695
Liabilities			
Current Liabilities			
Trade and other payables	9	34 744 043	33 908 019
Industry trust liability	10	1 359 244 835	1 311 086 158
Forfeitures liability	11	422 268 911	361 678 072
Provisions	12	13 646 217	11 330 145
		1 829 904 006	1 718 002 394
Total Equity and Liabilities		2 293 333 950	2 091 420 089

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Note(s)	2018	2017 Restated *
Revenue	13	502 649 220	456 185 209
Other income	14	5 351 182	7 500 042
Operating expenses	25	(422 588 153)	(375 446 029)
Surplus for the year		85 412 249	88 239 222
Other comprehensive income:			
Items that will not be reclassified to surplus			
Gains on revaluation of land and buildings		4 600 000	-
Other comprehensive income for the year		4 600 000	-
Total comprehensive income for the year		90 012 249	88 239 222

STATEMENT OF CHANGES IN FUNDS FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Revaluation Reserve	Accumulated Surplus	Total Funds
Restated* Balance at 01 March 2016	3 894 136	281 284 337	285 178 473
Surplus for the year	-	88 239 222	88 239 222
Total comprehensive income for the year	-	88 239 222	88 239 222
Restated* Balance at 01 March 2017	3 894 136	369 523 559	373 417 695
Surplus for the year	-	85 412 249	85 412 249
Gain on revaluation of land and buildings	4 600 000	-	4 600 000
Total comprehensive income for the year	4 600 000	85 412 249	90 012 249
Balance at 28 February 2018	8 494 136	454 935 808	463 429 944

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 28 FEBRUARY 2018

Figures in Rand	Note(s)	2018	2017 Restated *
Cash flows from operating activities			
Cash generated from operations	17	94 877 930	100 383 997
Cash flows to investing activities			
Purchase of property, plant and equipment	2	(3 790 110)	(3 757 795)
Proceeds from disposal of assets	2	113 302	124 615
Purchase of intangible assets	3	(1 842 777)	(1 456 405)
Outflow of other financial assets		(1 910 560 467)	(1 996 299 777)
Inflow of other financial assets		1 996 299 777	1 552 010 307
Net cash from/in investing activities		80 219 725	(449 379 055)
Cash flows from financing activities			
Inflow of industry trust liability		2 034 187 076	1 863 334 716
Outflow of industry trust liability		(1 925 437 560)	(1 690 008 026)
Increase in other financial liabilities		-	692 800
Net cash from financing activities		108 749 516	174 019 490
Total cash movement for the year		283 847 171	(174 975 568)
Cash at the beginning of the year		46 451 637	221 427 207
Total cash at end of the year	7	330 298 808	46 451 639

Accounting Policies

General information

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 Relation Act 1995. The Act allows for registered employer and employee organisations to establish a bargaining council for an industry. The Council facilitates collective bargaining whereby unions and employer organisations, which are Party to Council, are able to negotiate matters of mutual interest in the Road Freight and Logistics Industry. The Agreement concluded between the Parties to Council is called the Collective Agreement. The Agreement is applicable and binding to the Parties to Council who concluded the agreement as well as to non-parties, if the agreement has, in terms of provisions of section 32 of Labour Relations Act 1995, been extended to non-parties in the industry by the Minister of Labour.

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, issued by International Accounting Standards Board. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The Council reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. The residual values and useful lives of property, plant and equipment are based on management estimates.

Impairment testing

The Council reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosures of these estimates of provisions are included in note 12 - Provisions.

Trade and other receivables

The Council assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Council markets judgements as to whether there

is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

The impairment of trade and loans and receivables is calculated on a portfolio basis, based on historical deficit ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual deficit ratios are applied to loan balances in the portfolio and scaled to the estimated deficit emergence period.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Council holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts based on elimination method.

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 end of the reporting period.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the net revalued carrying amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any remaining decrease in excess of such credit is recognised in surplus or deficit in the current year.

The revaluation surplus related to a specific item of property, plant and equipment is transferred directly to accumulated surplus when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Council.

Land is not depreciated.

Accounting Policies

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50
Motor vehicles	Straight line	5
Office equipment	Straight line	5
Furniture and fixtures	Straight line	5
IT equipment	Straight line	3

1.2 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in deficit or deficit when the item is derecognised.

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred. Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Useful life
Computer software	3

1.4 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis and subsequently at amortised cost.

1.5 Trade and Receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimate irrecoverable amounts are recognised in the surplus or deficit when there is objective evidence that the asset is impaired.

1.6 Trade and other payables

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

1.7 Industry trust accounts

The provisions of the agreement made and entered into by the parties to the Council, promulgated under Government notice 15 January 1971 sub clause of Holiday Pay Bonus, Leave Pay Fund and Sick Fund Pay Fund made the following provisions on the administration of benefits trust funds.

All the money paid into any of the benefits funds referred to in clause 24, must be deposited in a special bank account to be operated for and in the name of that benefit fund.

Income earned on invested money accrues to the Council.

Any money in a benefit fund that it 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.

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 forfeitures liability account.

These are initially recognised at fair value and subsequently at amortised cost.

1.8 Forfeiture liability

Contributions not claimed or otherwise disposed off within 5 years after the date of receipt were forfeited to the general funds of the NBCRFLI in terms of the Main Collective Agreement. This policy was changed as of 1 March 2006 to transfer such receipts forfeited to forfeitures liability account in this fund and will be applied prospectively.

Forfeiture liability is initially measured at fair value and subsequently at amortised cost.

1.9 Financial instruments initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Accounting Policies

Financial instruments at amortised cost

These include other financial assets, cash and cash equivalents, industry trust liability, forfeitures liability, trade receivables and trade payables. At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.11 Impairment of assets

The Council assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

1.12 Provisions

Provisions are recognised when the Council has an obligation at the reporting date as a result of a past event; it is probable that the Council will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are not recognised for future operating losses.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical aid), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

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

1.14 Revenue

Revenue is recognised to the extent that the Council has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the Council. Revenue is measured at the fair value of the consideration received or receivable.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.15 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to significant risks of changes in value. These are initially recognised at fair value and subsequently at amortised cost.

1.16 Other financial assets

These financial assets are initially recognised at fair value and subsequently at amortised cost.

Notes to Financial Statements

Figures in Rand	2018	2017
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Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	30 600 000	-	30 600 000	26 000 000	-	26 000 000
Furniture and fixtures	15 176 671	(12 821 669)	2 355 002	14 335 265	(11 851 633)	2 483 632
Motor vehicles	4 004 692	(1 946 830)	2 057 862	3 558 264	(1 386 557)	2 171 707
Office equipment	3 944 256	(3 540 810)	403 446	3 908 782	(3 319 284)	589 498
IT equipment	17 658 554	(13 117 543)	4 541 011	16 966 709	(11 911 268)	5 055 441
Containers	2 347 669	(1 318 018)	1 029 651	2 347 669	(966 775)	1 380 894
Total	73 731 842	(32 744 870)	40 986 972	67 116 689	(29 435 517)	37 681 172

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Closing balance
Land and buildings	26 000 000	-	-	4 600 000	-	30 600 000
Furniture and fixtures	2 483 632	750 343	-	-	(878 973)	2 355 002
Motor vehicles	2 171 707	566 730	-	-	(680 575)	2 057 862
Office equipment	589 498	300 210	-	-	(486 262)	403 446
IT equipment	5 055 441	2 172 827	(113 302)	-	(2 573 955)	4 541 011
Containers	1 380 894	-	-	-	(351 243)	1 029 651
	37 681 172	3 790 110	(113 302)	4 600 000	(4 971 008)	40 986 972

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Closing balance
Land and buildings	26 000 000	-	-	-	-	26 000 000
Furniture and fixtures	1 592 584	593 945	-	1 822 885	(1 525 782)	2 483 632
Motor vehicles	2 217 090	530 050	(72 610)	-	(502 823)	2 171 707
Office equipment	493 486	3 825	-	512 646	(420 459)	589 498
IT equipment	3 919 741	1 807 883	(52 005)	2 453 259	(3 073 437)	5 055 441
Containers	773 160	822 092	-	128 778	(343 136)	1 380 894
	34 996 061	3 757 795	(124 615)	4 917 568	(5 865 637)	37 681 172

Changes in estimates

The useful life of some assets was revised based on the indication that they will bring future economic benefits to the entity. The assessment was done on property, plant and equipment. Depreciation would have been more by R2 702 442 had there been no change in estimate.

Notes to Financial Statements

Figures in Rand	2018	2017
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2. Property, plant and equipment (continued)

Revaluations

The Council's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every 3 years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value. Revaluation on the land and buildings was performed as at 28 February 2018 (The previous revaluation was performed as at 28 February 2015). The Revaluation on the land and buildings is performed by an Independent Valuer Mr Grant Fraser who is not related to the Council. The valuation stated for the current period was on the basis that the properties will be sold on the assumption of vacant possession.

The carrying value of the revalued assets is as follows:

Erf 2915 Johannesburg 31 De Korte Street Braamfontein	13 400 000	11 500 000
Erf 2914 Johannesburg 29 De Korte Street Braamfontein	11 000 000	9 400 000
Erf 7498 Parrow 141 Voortrekker Road Parrow	6 200 000	5 100 000
	30 600 000	26 000 000

Details of properties according to cost model

Erf 2914 29 De Korte Street Johannesburg

- Purchase price: 28 February 2006	10 752 259	10 752 259
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Erf 2915 31 De Korte Johannesburg

- Purchase price: 28 February 2006	12 863 529	12 863 529
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Erf 7498 Parrow 141 Voortreker Road

- Purchase price: 26 June 2010	5 984 212	5 984 212
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3. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	24 155 686	(17 014 067)	7 141 619	22 345 322	(15 305 892)	7 039 430

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	7 039 430	1 842 777	(1 740 588)	7 141 619

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Revaluations	Amortisation	Total
Computer software	4 288 765	1 456 405	4 093 726	(2 799 466)	7 039 430

Notes to Financial Statements

Figures in Rand	2018	2017
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4. Other financial assets

At amortised cost

Wellness Fund Investment	-	18 004 147
Main Council Investment	334 434 898	309 068 335
Holiday Pay Fund Investment	387 541 800	376 889 050
Leave Pay Fund Investment	469 197 169	524 112 669
Sick Pay Fund Investment	719 386 599	768 225 575
	1 910 560 466	1 996 299 776

The investments are held at a variety of financial institutions. These Investments bear interest between 7% and 8.02% (2017:7% and 8.03% per annum.)

Current assets

At amortised cost	1 910 560 466	1 996 299 776
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5. Trade and other receivables

Deposits	395 188	356 218
Sundry Debtors	3 668 457	1 331 958
Wellness Accrued Income	-	2 000 000
Prepaid Expenses	140 462	163 087
	4 204 107	3 851 263

6. Inventories

Consumables	141 978	96 811
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7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank Balances	330 298 808	46 451 637
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8. Revaluation

Opening Balance	3 894 136	3 894 136
Gain on Revaluation of Land and building	4 600 000	-
	8 494 136	3 894 136

9. Trade and other payables

Trade payables	23 932 421	22 517 207
Employee cost accruals	865 229	1 185 013
VAT	2 015 481	2 013 984
Leave Pay Accrual	2 815 828	2 327 759
Industry Trade Unions and subscription fees	-	1 500 523
Trust account	5 115 084	4 363 533
	34 744 043	33 908 019

Trust account relates to the enforcement cases lodged by the industry employees against the employer. The funds paid by the employers after the settlement of the cases are allocated to this trust account.

Notes to Financial Statements

Figures in Rand	2018	2017
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10. Industry Trust Liability

Balance at the beginning of the period

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	1 340 044 329

Contributions received

Holiday Pay Fund	887 464 000	813 025 853
Leave Pay Fund	654 417 567	598 656 276
Sick Pay Fund	492 305 509	451 652 587
	2 034 187 076	1 863 334 716

Less:

Payouts for the year

Holiday Pay Fund	(863 351 981)	(775 018 872)
Leave Pay Fund	(611 452 884)	(524 259 767)
Sick Pay Fund	(450 632 695)	(390 729 387)
	(1 925 437 560)	(1 690 008 026)

Less:

Forfeiture adjustment

Holiday Pay Fund	(19 106 926)	(84 265 800)
Leave Pay Fund	(17 413 080)	(46 752 151)
Sick Pay Fund	(24 070 833)	(71 266 910)
	(60 590 839)	(202 284 861)

Closing balance at the end of the period

Holiday Pay Fund	239 390 367	234 385 273
Leave Pay Fund	462 827 531	437 275 928
Sick Pay Fund	657 026 937	639 424 957
	1 359 244 835	1 311 086 158

The provisions of the agreement made and entered into by Parties to Council, promulgated under government notice dated 15 January 1971 sub clause of Holiday Pay Fund, Leave Pay Fund, Sick Pay Fund made the provisions on the administration of benefit funds that all monies paid into any of these benefit funds must be deposited in a special bank account to be operated for and in the name of the fund. Any contribution paid to a benefit fund, which is not claimed or otherwise legally disposed off within 5 years of receipt of that contribution will transferred to forfeitures account.

Current Liabilities

At amortised cost	1 359 244 835	1 311 086 158
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11. Forfeitures Liability

Forfeiture liability	422 268 911	361 678 072
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Notes to Financial Statements

Figures in Rand	2018	2017
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12. Provisions

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Provision Incentive Bonus	11 330 145	13 646 217	(11 330 145)	13 646 217

Reconciliation of provisions - 2017

	Opening balance	Additions	Utilised during the year	Total
Incentive Bonus Provisions	8 930 421	11 330 145	(8 930 421)	11 330 145

13. Revenue

Interest Received	197 066 567	181 256 551
Wellness Fund Contribution	217 660 543	195 955 442
Levies Received	87 922 110	78 973 216
	502 649 220	456 185 209

14. Other income

CCMA Subsidy Income	993 860	911 528
Legal Fees Recovered	13 876	23 328
Services Seta Income	273 275	64 642
Rental Income	395 362	439 597
Sheriff Fees Legal Arbitration	79 788	56 328
Income Arbitration Costs	1 750 458	1 799 654
Sundry Income	-	398 389
Sundry Income-Wellness	-	2 000 000
Profit on Sale of Fixed Assets	107 570	78 389
Income -Arbitrations Penalties	1 736 993	1 728 187
	5 351 182	7 500 042

15. Taxation

No provision has been made for taxation as the fund is currently exempt from income taxation in terms of Section 10(1) (cA) (i) of the Income Tax Act (the Act); (confirmed on 17 February 2003.)

16. Auditor's remuneration

External Audit Fees	816 687	735 918
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Notes to Financial Statements

Figures in Rand	2018	2017
17. Cash generated from operations		
Profit before taxation	85 412 249	88 239 222
Adjustments for:		
Depreciation and amortisation	6 711 596	8 665 103
Movements in provisions	2 316 072	2 399 725
Changes in working capital:		
Inventories	(45 167)	(257)
Trade and other receivables	(352 844)	(2 702 587)
Trade and other payables	836 024	3 782 791
	94 877 930	100 383 997

18. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	3 864 806	2 816 429
- in second to fifth year inclusive	1 036 534	-
	4 901 340	2 816 429

Operating lease payments represent rentals payable by the Council for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

19. Key Executive Management Remuneration

Council Members and Senior Management

2018

	Remuneration	Total
Council Members and Senior Management Remuneration	5 766 404	5 766 404

2017

	Remuneration	Total
Council Members and Senior Management Remuneration	4 912 151	4 912 151

Key management personnel include twenty four Council members who serve on the Council Board and various sub committees and the National Secretary who is the head of Council administration.

20. Prior period errors

In the prior year there was re-assessment of useful life for all assets with a carrying value of zero; adjustments were incorrectly made to revaluation reserve.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Opening retained earnings	-	(9 011 294)
Revaluation Reserve	-	9 011 294

21. Comparative figures

Certain comparative figures have been reclassified due to the fact that assets and liabilities are payable on demand with no required notice periods.

Notes to Financial Statements

Figures in Rand	2018	2017
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21. Comparative figures (continued)

The effects of the reclassification are as follows:

Statement of Financial Position Prior Year Disclosure

Non Current Assets - Other Financial Assets	-	1 996 299 776
Non Current Liabilities - Industry Trust Liability	-	1 311 086 158
Reserves - Forfeitures	-	359 698 932
Revaluation Reserve	-	9 011 294
Property, Plant & Equipment - Computer Software	-	7 039 430

Statement of Financial Position Current Year Disclosure

Current Assets - Other Financial Assets	-	1 996 299 776
Current Liabilities - Industry Trust Liability	-	1 311 086 158
Current Liability - Forfeitures	-	359 698 932
Accumulated Surplus	-	9 011 294
Intangible Assets - Computer Software	-	7 039 430

Notes to Financial Statements

22. Categories of financial instruments

Categories of financial instruments - 2018

Assets

Non-Current Assets

Property, plant and equipment
Intangible assets

Note(s)	Assets at amortised cost	Financial liabilities at amortised cost	Equity and non- financial assets and liabilities	Total
2	-	-	40 986 972	40 986 972
3	-	-	7 141 619	7 141 619
	-	-	48 128 591	48 128 591

Current Assets

Inventories
Other financial assets
Trade and other receivables
Cash and cash equivalents

6	-	-	141 978	141 978
4	1 910 560 466	-	-	1 910 560 466
5	4 063 645	-	140 462	4 204 107
7	330 298 808	-	-	330 298 808
	2 244 922 919	-	282 440	2 245 205 359
	2 244 922 919	-	48 411 031	2 293 333 950

Total Assets

Equity and Liabilities

Equity

Reserves
Accumulated surplus

-	-	8 494 136	8 494 136
-	-	454 935 808	454 935 808

Total Equity

Liabilities

-	-	463 429 944	463 429 944
-	-	463 429 944	463 429 944

Notes to Financial Statements

22. Categories of financial instruments (continued)

	Note(s)	Assets at amortised cost	Financial liabilities at amortised cost	Equity and non- financial assets and liabilities	Total
Current Liabilities					
Other financial liabilities	10	-	1 359 244 835	-	1 359 244 835
Trade and other payables	9	-	32 728 566	2 015 477	34 744 043
Forfeitures liability	11	-	422 268 911	-	422 268 911
Provisions	12	-	-	13 646 217	13 646 217
			- 1 814 242 312	15 661 694	1 829 904 006
Total Liabilities			- 1 814 242 312	15 661 694	1 829 904 006
Total Equity and Liabilities			- 1 814 242 312	479 091 638	2 293 333 950
Categories of financial instruments - 2017					
Assets					
Non-Current Assets					
Property, plant and equipment	2	-	-	37 681 172	37 681 172
Intangible assets	3	-	-	7 039 430	7 039 430
			-	44 720 602	44 720 602
Current Assets					
Inventories	6	-	-	96 811	96 811
Other financial assets	4	1 996 299 776	-	-	1 996 299 776
Trade and other receivables	5	3 688 176	-	163 087	3 851 263
Cash and cash equivalents	7	46 451 637	-	-	46 451 637
		2 046 439 589	-	259 898	2 046 699 487
Total Assets		2 046 439 589	-	44 980 500	2 091 420 089
Equity and Liabilities					

Notes to Financial Statements

22. Categories of financial instruments (continued)

	Note(s)	Assets at amortised cost	Financial liabilities at amortised cost	Equity and non- financial assets and liabilities	Total
Equity					
Reserves		-	-	3 894 136	3 894 136
Accumulated surplus		-	-	369 523 559	369 523 559
Total Equity		-	-	373 417 695	373 417 695
Liabilities					
Current Liabilities					
Industry trust liability	10	-	1 311 086 158	-	1 311 086 158
Trade and other payables	9	-	33 908 019	-	33 908 019
Forfeitures liabilities	11	-	-	361 678 072	361 678 072
Provisions	12	-	-	11 330 145	11 330 145
Total Liabilities		- 1 344 994 177	373 008 217	1 718 002 394	373 008 217
Total Equity and Liabilities		- 1 344 994 177	373 008 217	1 718 002 394	373 008 217
23. Going concern		- 1 344 994 177	746 425 912	2 091 420 089	2 091 420 089

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Council has reviewed the cash flow forecast and, in 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.

Notes to the Financial Statements

Figures in Rand

2018

2017

24. Events after the reporting period

There are no material subsequent events to report on.

25. Operating Expenses

Included in operating expenses is the following:

Amortisation of intangible asset	1 740 588	2 799 466
Depreciation on property, plant and equipment	4 971 008	5 865 637
Employee costs	112 060 370	94 811 445
Pension fund contribution	3 732 385	2 992 745
	122 504 351	106 469 293

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017 Restated *
Revenue			
Interest received		197 066 567	181 256 551
Wellness Fund contribution		217 660 543	195 955 442
Levies received		87 922 110	78 973 216
	13	502 649 220	456 185 209
Other income			
CCMA subsidy income		993 860	911 528
Legal fees recovered		13 876	23 328
Services Seta income		273 275	64 642
Rental income		395 362	439 597
Sheriff fees arbitration		79 788	56 328
Income arbitration costs		1 750 458	1 799 654
Sundry income		-	398 389
Sundry income		-	2 000 000
Profit on sale of assets		107 570	78 389
Income - arbitrations penalties		1 736 993	1 728 187
		5 351 182	7 500 042
Expenses (Refer to page 26)		(422 588 153)	(375 446 029)
Surplus for the year		85 412 249	88 239 222

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017 Restated *
Operating expenses			
Advertising		(8 635 762)	(3 285 886)
Auditor's remuneration	16	(816 687)	(735 918)
Bad debts written off		-	(992 721)
Bank charges		(2 168 302)	(2 364 173)
Computer hardware leasing and software maintenance		(21 225 847)	(20 171 200)
Consulting and professional fees		(4 238 541)	(3 293 121)
Depreciation, amortisation and impairments		(6 711 596)	(8 665 103)
Employee costs		(115 792 755)	(97 478 098)
Paycard		(324 059)	(534 489)
Trucking Wellness funding		(12 168 768)	(11 865 655)
Arbitration expense		(19 396 569)	(16 894 071)
Attendance fees		(1 341 388)	(1 581 398)
Bursary expense		(547 919)	(911 744)
Equipment hire		(3 068 225)	(2 709 261)
Exemption body expense		(847 445)	(703 548)
Lease rentals on operating lease		(3 864 806)	(2 816 429)
Loss on scrapped assets		(27 784)	(124 515)
Penalties and interest		(114)	(1 611)
Treatment Program costs		(30 377 378)	(30 868 059)
Insurance		(1 001 002)	(861 092)
Legal expenses		(2 926 227)	(2 697 996)
Medical expenses		(167 075 640)	(146 065 790)
Motor vehicle expenses		(1 760 661)	(1 544 380)
Management fee - Wellness		(530 100)	(486 780)
Negotiation paradigm		-	(349 095)
Postage		(469 129)	(347 887)
Printing and stationery		(2 061 571)	(1 854 726)
Seminars		(250 920)	(400 580)
Repairs and maintenance		(2 851 817)	(2 729 142)
Security		(2 072 195)	(1 953 780)
Staff welfare		(1 691 776)	(1 651 503)
Utilities		(3 396 837)	(3 813 840)
Telephone and fax		(2 062 520)	(1 921 549)
Staff training		(1 107 351)	(1 141 096)
Training - Councillors		(138 599)	(185 034)
Travel - local		(1 637 863)	(1 444 759)
		(422 588 153)	(375 446 029)

COUNCIL BOARD RESPONSIBILITIES AND APPROVAL

The Council board members are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council board members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the Council board to meet these responsibilities, the Council board 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 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 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council board members have reviewed the Council's cash flow forecast 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 in the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Council's financial statements. The financial statements have been examined by the Council's external auditors and their report is presented on page 80 to 81.

The financial statements set out on page 59 to 78, which have been prepared on the going concern basis, were approved by the Council board members on 27 August 2018 and were signed on its behalf by:

Approval of financial statements



Mr Musawenkosi Ndlovu
National Secretary



Mr Tabudi A Ramakgolo
Chairperson



SIGNED INDEPENDENT AUDIT REPORT

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

TO THE MEMBERS OF THE COUNCIL

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of National Bargaining Council for Road Freight and Logistic Industry, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 28 February 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements in terms of section 29(15) (a) Labour Relations Act of 1995.

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 council 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 other 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 council board members are responsible for the other information. The other information comprises the Council Board Member's Report. 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 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 the Directors for the Annual Financial Statements

The directors 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 the requirements of the Companies Act of South Africa, 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.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual 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. Misstatements 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 for 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 purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in 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 or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual 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 Council Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia SAB&T

Nexia SAB&T
Per: A Darmalingam Director
Registered Auditor 27 August 2018



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.







NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.