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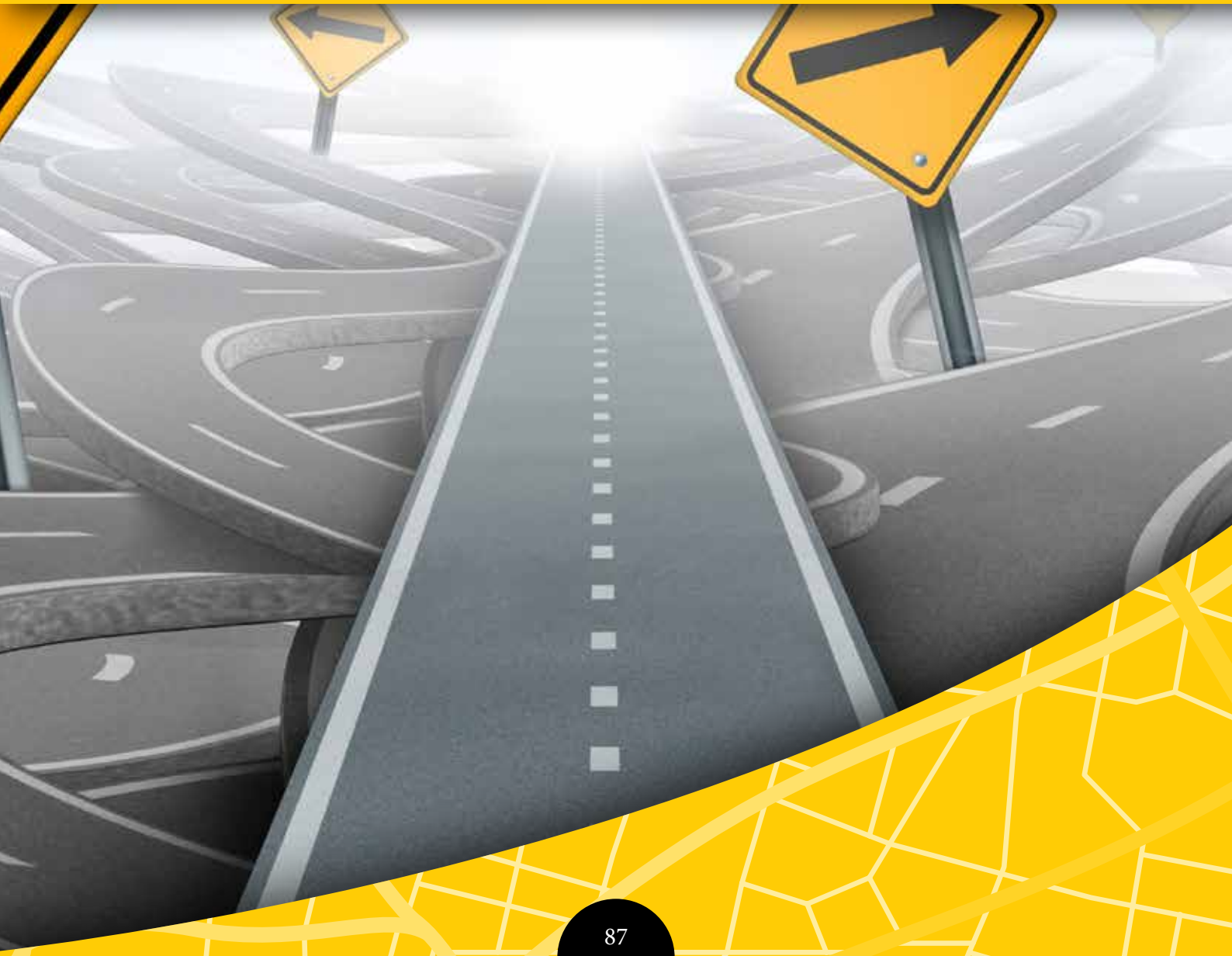
NBCRFLI

National Bargaining Council for the Road Freight and Logistics Industry

Your Road Freight Partner.

ANNUAL REPORT 2021

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021



COUNCIL RESPONSIBILITIES & APPROVAL

The Council 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 and in the manner required by the provisions of the constitution relating to financial matters and in terms of section 53 (2) (b) of the Labour Relations Act. The external auditor is 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 in the manner required by the provisions of the constitution relating to financial matters and in terms of section 53 (2) (b) of the Labour Relations Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council 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 members to meet these responsibilities, the Council members set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing, and monitoring all known forms of risk across the Council. While operating risk cannot be fully

eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

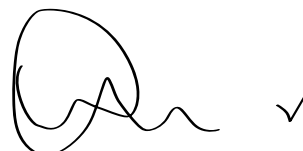
The Council members have reviewed the Council's cash flow forecast and, in the light of this review and the current financial position, they are satisfied that the Council has access to adequate resources to continue in operational existence for the foreseeable future. As part of monitoring the impact of COVID-19, Council established the Crisis Management Committee in April 2020 for continuous monitoring of events around and resulting from COVID-19. The Committee comprises representatives of parties to Council, who are mostly Exco members and senior management in order to assist the employers and employees in the road freight industry impacted negatively by COVID-19. Council implemented interim relief measures aimed at assisting industry companies and employees to alleviate the impact of COVID-19. Hence, Council resolved in December 2020 to top up the payment of the holiday bonus in full in respect of employees who were working during the lockdown period and up to 40% in respect of employees who were not working during the lockdown period.

The external auditor is responsible for independently auditing and reporting on the Council's financial statements. The financial statements have been examined by the Council's external auditor and their report is presented on pages 89 to 90.

The financial statements set out on pages 92 to 113 which have been prepared on the going concern basis, were approved by the Council members on 14 September 2021 and were signed on its behalf by the National Secretary and the Chairperson. There are no material subsequent events to report on.



Mr Musawenkosi Ndlovu
National Secretary
29/09/2021



Mr Fred Meier
Chairperson
29/09/2021

SIGNED INDEPENDENT AUDITOR'S REPORT

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 92 to 113, which comprise the statement of financial position as at 28 February 2021, 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 financial statements present fairly, in all material respects, the financial position of the National Bargaining Council for the Road Freight and Logistics Industry as at 28 February 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the provisions of the constitution relating to financial matters and in terms of section 53 (2) (b) of the Labour Relations Act.

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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Council members are responsible for the other information. The other information comprises the information included in the Annual Report, which is expected to be made available to us after the date of this 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.

We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Responsibilities of the Council for the financial statements

The Council members are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the provisions of the constitution relating to financial matters and in terms of section 53 (2) (b) of the Labour Relations Act, and for such internal control as the Council members 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 Council members 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 Council members 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 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the 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 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 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 Council 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: C Chigora
Director
Registered Auditors
29 September 2021





STATEMENT OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	39,236,898	40,834,254
Intangible assets	3	3,311,843	3,140,723
Other financial assets	4	2,547,403,822	2,612,753,968
		2,589,952,563	2,656,728,945
Current Assets			
Inventories	6	128,569	163,883
Trade and other receivables	5	15,203,211	13,545,789
Cash and cash equivalents	7	140,363,609	90,364,603
		155,695,389	104,074,275
Total Assets		2,745,647,952	2,760,803,220
Equity and Liabilities			
Equity			
Reserves	8	8,394,136	8,494,136
Surplus funds		681,170,560	628,336,780
		689,564,696	636,830,916
Current Liabilities			
Trade and other payables	9	27,113,376	29,418,211
Industry trust and unclaimed benefit liability	10	2,011,437,644	2,077,727,978
Provisions	11	17,532,236	16,826,115
		2,056,083,256	2,123,972,304
Total Equity and Liabilities		2,745,647,952	2,760,803,220

STATEMENT OF **COMPREHENSIVE INCOME**

Figures in Rand	Note(s)	2021	2020
Revenue	12	547,970,315	604,250,917
Other income	13	3,595,972	7,025,925
Operating expenses		(498,732,507)	(507,331,174)
Surplus for the year		52,833,780	103,945,668
Total comprehensive income for the year		52,833,780	103,945,668



STATEMENT OF CHANGES IN FUNDS

Figures in Rand	Revaluation reserve	Accumulated surplus	Total funds
Balance at 1 March 2019	8,494,136	524,391,112	532,885,248
Surplus for the year	-	103,945,668	103,945,668
Total comprehensive income for the year	-	103,945,668	103,945,668
Balance at 1 March 2020	8,494,136	628,336,780	636,830,916
Surplus for the year	-	52,833,780	52,833,780
Total comprehensive income for the year	-	52,833,780	52,833,780
Revaluation land and buildings	(100,000)	-	(100,000)
Total changes	(100,000)	-	(100,000)
Balance at 28 February 2021	8,394,136	681,170,560	689,564,696

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	17	56,374,070	94,057,339
Cash flows to investing activities			
Purchase of property, plant and equipment	2	(3,520,436)	(5,069,722)
Proceeds from disposal of assets	13	84,126	202,859
Purchase of intangible assets	3	(1,998,566)	(2,209,871)
Inflow of other financial assets	4	5,519,554,480	6,244,880,509
Outflow of other financial assets	4	(5,454,204,334)	(6,452,080,118)
Net cash outflow from investing activities		59,915,270	(214,276,343)
Cash flows from financing activities			
Inflow of industry trust liability	10	2,401,741,655	2,490,702,656
Outflow of industry trust liability	10	(2,468,031,990)	(2,360,136,103)
Net cash inflow from financing activities		(66,290,334)	130,566,553
Total cash movement for the year		49,999,006	10,347,549
Cash at the beginning of the year		90,364,603	80,017,054
Total cash at end of the year	7	140,363,609	90,364,603

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 Relations 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 the 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 the Labour Relations Act 1995, been extended to non-parties in the Industry by the Minister of Employment and Labour. The parties signed a three year agreement which was promulgated by the Minister of Employment and Labour and was extended to non-parties in the Government Gazette No.42312 of 15 March 2019. The promulgated agreement came into effect from 25 March 2019.

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 the International Accounting Standards Board. The financial statements have been prepared on the historical cost basis, except for the revaluation of land and buildings, and incorporate the principal accounting policies set out below. They are presented in South African Rand.

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 disclosure of these estimates of provisions are included in note 11 - 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 makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cashflows from a financial asset.

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. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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.

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
Furnitures and fixtures	Straight line	5
IT equipment	Straight line	3
Containers	Straight line	5
Land		Indefinite

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 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.

1.5 Trade and receivables

Trade and 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 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 of within five years of receipt of that contribution will be forfeited to the forfeiture liability of the contribution concerned.

1.8 Unclaimed benefit liability

Contributions not claimed or otherwise disposed of 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.

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.

Financial instruments at amortised cost

These include other financial assets, cash and cash equivalents, industry trust liability, unclaimed benefit 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 consist 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 a significant risk 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 plus direct transactions costs, and subsequently measured at amortised cost using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

FIGURES IN RAND	2021			2020		
	Property, plant and equipment					
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	31,826,686	-	31,826,686	31,863,436	-	31,863,436
Furniture and fixtures	6,942,619	(5,065,851)	1,876,768	6,940,347	(4,202,858)	2,737,489
Motor vehicles	4,178,826	(3,507,161)	671,665	3,979,776	(2,913,529)	1,066,247
Office equipment	2,068,656	(1,094,162)	974,494	1,938,386	(802,230)	1,136,156
IT equipment	9,354,820	(5,574,405)	3,780,415	7,452,144	(3,748,387)	3,703,757
Containers	1,776,361	(1,669,491)	106,870	1,660,809	(1,333,640)	327,169
TOTAL	56,147,968	(16,911,070)	39,236,898	53,834,898	(13,000,644)	40,834,254

Reconciliation of property, plant and equipment - 2021						
	Opening balance	Additions	Disposals	Revaluation	Depreciation	Closing balance
Land	12,000,000	63,250	-	-	-	12,063,250
Buildings	19,863,436	-	-	(100,000)	-	19,763,436
Furniture and fixtures	2,737,489	186,561	(619)	-	(1,068,196)	1,855,235
Motor vehicles	1,066,247	199,050	-	-	(593,632)	671,665
Office equipment	1,136,156	130,270	-	-	(294,314)	972,112
IT equipment	3,703,757	2,941,305	-	-	(2,840,731)	(3,804,331)
Containers	327,169	-	-	-	(220,300)	106,869
TOTAL	40,834,254	3,520,436	(619)	(100,000)	(5,017,173)	39,236,898

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Closing balance
Land	31,234,573	-	-	(19,234,573)	-	12,000,000
Buildings	-	628,863	-	19,234,573	-	19,863,436
Furniture and fixtures	2,943,026	1,350,364	-	-	(1,555,901)	2,737,489
Motor vehicles	1,862,203	-	-	-	(795,956)	1,066,247
Office equipment	832,992	719,611	(572)	-	(415,875)	1,136,156
IT equipment	4,461,535	2,370,884	(10,857)	-	(3,117,805)	3,703,757
Containers	678,414	-	-	-	(351,237)	327,169
TOTAL	42,012,743	5,069,722	(11,429)	-	(6,236,774)	40,834,254

Property, plant and equipment

Movement in Assets	Furniture and fixtures	Motor vehicles	IT equipment	Intangible assets	Office equipment	Total
Cost 2020	6,940,347	3,979,776	7,452,144	4,822,750	1,938,386	25,133,403
Retired	(183,670)	-	(1,028,930)	(1,125,182)	-	(2,337,782)
Additions	186,561	199,050	2,941,306	1,998,566	130,270	5,455,753
Disposal	(619)	-	(9,700)	-	-	(10,319)
Cost 2021	6,942,619	4,178,826	9,354,820	5,696,134	2,068,656	28,241,055
COST PER AFS	6,942,619	4,178,826	9,354,820	5,696,134	2,068,656	28,241,055

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. There was revaluation of the land and buildings for the period ended 28 February 2021 (The previous revaluation was performed as at 28 February 2018). The revaluation on the land and buildings was performed by an Independent Valuer, Mr Grant Fraser, who is not related to the Council. The valuation stated was on the basis that the properties would be sold on the assumption of vacant possession.

The carrying value of the revalued assets are as follows:

Erf 2915 Johannesburg 31 De Korte Street Braamfontein	13,400,000	13,400,000
Erf 2914 Johannesburg 29 De Korte Street Braamfontein	11,000,000	11,000,000
Erf 7498 Parrow 141 Voortrekker Road Parrow	7,463,436	7,463,436
Revaluation-Deficit	(100,000)	-
Additions	63,250	-
	<u>31,826,686</u>	<u>31,863,436</u>

Details of properties at cost

Erf 2914 29 De Korte Street Johannesburg

Purchase price and date: 2003	10,752,259	10,752,259
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Erf 2915 31 De Korte Street, Johannesburg

- Purchase price and date: 1984	12,863,529	12,863,529
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Erf 7498 Parrow 141 Voortrekker Road

- Purchase price and date: 2010	6,618,785	6,618,785
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FIGURES IN RAND	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
3. Intangible assets						
Computer software	5,696,134	(2,384,291)	3,311,843	4,822,750	(1,682,027)	3,140,723

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software	3,140,723	1,998,566	(1,827,446)	3,311,843

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	6,625,212	2,209,871	(1,060,620)	(4,633,740)	3,140,723



FIGURES IN RAND	2021	2020
4. Other financial assets		
At fair value	2,547,403,822	2,612,753,968
At amortised cost		
Wellness Fund Investment	18,365,184	17,040,942
Sick Pay Fund Investment	904,209,855	909,230,045
Main Council Investment	553,429,647	516,521,795
Holiday Pay Fund Investment	399,710,483	456,645,547
Leave Fund Investment	671,688,653	713,315,639
	2,547,403,822	2,612,753,968
Total other financial assets	2,547,403,822	2,612,753,968

The investments are held at a variety of financial institutions. These investments bear interest between 4.0% and 5% (2020:7% and 7.89% per annum.)

Opening Balance	2,612,753,968	2,405,554,360
Inflow - Interest accrued and investments made during the year	5,454,204,334	6,452,080,118
Outflow - Investments matured during the year	(5,519,554,480)	(6,244,880,510)
	2,547,403,822	2,612,753,968

5. Trade and other receivables

Provision for bad debt - rent	(453,269)	-
Deposits - utilities and rentals	580,782	580,782
Sundry debtors	444,722	257,532
Accrued income - SARS and trade unions	14,630,976	12,587,883
Prepaid expenses	-	119,592
	15,203,211	13,545,789

6. Inventories

Inventory	128,569	163,883
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FIGURES IN RAND	2021	2020
7. Cash and cash equivalents		

Cash and cash equivalents consist of:

Bank balances	140,320,750	90,329,024
Petty cash	42,859	35,579
	<u>140,363,609</u>	<u>90,364,603</u>

8. Revaluation		
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Opening balance	8,494,136	8,494,136
Revaluation of assets	(100,000)	-
	<u>8,394,136</u>	<u>8,494,136</u>

9. Trade and other payables		
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Trade payables	17,473,040	18,745,374
Industry trade union and subscription fees	195,229	644,045
Leave pay accrual	3,878,452	4,033,520
Trust account	5,566,655	5,995,272
	<u>27,113,376</u>	<u>29,418,211</u>

The Trust account relates to the enforcement cases by the industry employees against the employer. The funds paid by the employer after the award by the Commissioner and settlement between Council and the employer regarding the enforcement cases are allocated to the trust account.

FIGURES IN RAND	2021	2020
10. Industry trust and unclaimed benefit liability		
At amortised cost		
Balance for the year	2,011,437,644	2,077,727,978
	2,011,437,644	2,077,727,978
Movements during the year		
Contribution received		
Holiday Pay Fund	988,141,577	1,085,821,017
Leave Pay Fund	824,181,712	802,037,227
Sick Pay Fund	589,418,366	602,844,412
	2,401,741,655	2,490,702,656
Payout for the year		
Holiday Pay Fund	(1,017,232,887)	(1,067,487,629)
Leave Pay Fund	(860,216,464)	(727,269,906)
Sick Pay Fund	(590,582,639)	(565,378,568)
	(2,468,031,990)	(2,360,136,103)
Current liabilities		
At amortised cost	2,011,437,644	2,077,727,978

11. Provisions				
Reconciliation of provisions - 2021				
	Opening balance	Additions	Reversed during the year	Total
Incentive bonus	16,826,115	17,532,236	(16,826,115)	17,532,236
Reconciliation of provisions - 2020				
	Opening balance	Additions	Utilised during the year	Total
Incentive bonus	15,911,985	16,826,115	(15,911,985)	16,826,115

FIGURES IN RAND	2021	2020
12. Revenue		
Interest received	179,515,114	233,521,232
Wellness Fund contribution	261,551,309	261,668,166
Levies received	106,903,892	109,061,519
	<u>547,970,315</u>	<u>604,250,917</u>
13. Other income		
CCMA subsidy income	296,085	957,096
Legal fees recovered	116,736	454,648
Services Seta income	125,853	286,056
Rental income	196,579	365,166
Sheriff fees legal arbitration	26,567	21,107
Income arbitration costs	1,323,176	2,084,996
Sundry income	398,396	444
Profit on sale of fixed assets	84,126	202,415
Income - arbitrations penalties	1,028,454	2,653,997
	<u>3,595,972</u>	<u>7,025,925</u>
14. Operating expenses		
Operating expenses for the year are stated after accounting for the following:		
Amortisation on intangible assets	1,827,446	5,694,361
Depreciation on property, plant and equipment	5,017,793	6,236,783
Employee costs	152,723,812	143,709,093
Pension Fund contribution	5,696,396	5,302,179
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)(l) of the Income Tax (Confirmed on 17 February 2003).		
16. Auditor's remuneration		
Audit fees	<u>751,478</u>	<u>930,170</u>

FIGURES IN RAND	2021	2020
17. Cash generated from operations		
Profit before taxation	52,833,780	103,945,668
Adjustments for:		
Depreciation and amortisation	6,845,239	11,931,144
Loss on scrapping of assets	-	11,427
Profit on sale of assets	(84,126)	(202,859)
Movements in provisions	706,120	914,130
Changes in working capital:		
Inventories	35,314	(50,263)
Trade and other receivables	(1,657,422)	(5,250,577)
Trade and other payables	(2,304,835)	(17,241,331)
	56,374,070	94,057,339

18. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	3,132,304	3,378,358
- in second to fifth year inclusive	6,114,303	5,602,600
	9,246,607	8,980,958

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 2021

	Remuneration	Total
Executive Management and Council Members Remuneration	18,130,058	18,130,058

Key Executive Management Remuneration 2020

	Remuneration	Total
Executive Management and Council Members Remuneration	17,992,837	17,992,837

Key executive management personnel include 24 Council members who serve on the Council board and various sub committees, 7 Senior Managers and the National Secretary who is the head of Council Administration.



20. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2021						
Assets						
Non-Current Assets						
Property, plant and equipment	2	-	-	-	39,236,898	39,236,898
Intangible assets	3	-	-	-	3,311,843	3,311,843
Other financial assets	4	2,547,403,822	-	-	-	2,547,403,822
		2,547,403,822	-	-	42,548,741	2,589,952,563
Current Assets						
Inventories	6	-	-	-	128,569	128,569
Trade and other receivables	5	-	15,656,480	-	(453,269)	15,203,211
Cash and cash equivalents	7	-	140,363,609	-	-	140,363,609
		-	156,020,089	-	(324,700)	155,695,389
Total assets		2,547,403,822	156,020,089	-	42,224,041	2,745,647,952
Equity and liabilities						
Equity						
Reserves		-	-	-	8,394,136	8,394,136
Accumulated surplus		-	-	-	681,170,560	681,170,560
		-	-	-	689,564,696	689,564,696
Total equity		-	-	-	689,564,696	689,564,696
Current liabilities						
Industry trust and Unclaimed benefit liability	10	-	-	2,011,437,644	-	2,011,437,644
Trade and other payables	9	-	-	27,113,376	-	27,113,376
Provisions	11	-	-	-	17,532,236	17,532,236
		-	-	2,038,551,020	17,532,236	2,056,083,256
Total liabilities		-	-	2,038,551,020	17,532,236	2,056,083,256
Total equity and liabilities		-	-	2,038,551,020	707,096,932	2,745,647,952

20. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2020						
Assets						
Non-Current Assets						
Property, plant and equipment	2	-	-	-	40,834,254	40,834,254
Intangible assets	3	-	-	-	3,140,723	3,140,723
Other financial assets	4	2,612,753,968	-	-	-	2,612,753,968
	-	2,612,753,968	-	-	43,974,977	2,656,728,945
Current Assets						
Inventories	6	-	-	-	163,883	163,883
Trade and other receivables	5	-	13,545,789	-	-	13,545,789
Cash and cash equivalents	7	-	90,364,603	-	-	90,364,603
		-	103,910,392	-	163,883	104,074,275
Total assets		2,612,753,968	103,910,392	-	44,138,860	2,760,803,220
Equity and liabilities						
Equity						
Reserves		-	-	-	8,494,136	8,494,136
Accumulated surplus		-	-	-	628,336,780	628,336,780
		-	-	-	636,830,916	636,830,916
Total equity					636,830,916	636,830,916
Current liabilities						
Industry trust and Unclaimed benefit liability	10	-	-	2,077,727,978	-	2,077,727,978
Trade and other payables	9	-	-	29,418,212	-	29,418,212
Provisions	11	-	-	-	16,826,115	16,826,115
		-	-	2,107,146,190	16,826,115	2,123,972,305
Total liabilities		-	-	2,107,146,190	16,826,115	2,123,972,305
Total equity and liabilities		-	-	2,107,146,190	653,657,031	2,760,803,221

21. Going concern

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. As part of monitoring the impact of COVID-19, Council established the Crisis Management Committee in April 2020 for continuous monitoring of events around and resulting from COVID-19. The committee comprises representatives of parties to Council, who are mostly Exco members and senior management.

In order to assist the employers and employees in the Road Freight Industry impacted negatively by COVID-19, Council implemented interim relief measures aimed at assisting industry companies and employees to alleviate the impact of COVID-19. Hence, Council resolved in December 2020 to top up the payment of the holiday bonus in full in respect of employees who were working during the lockdown period and up to 40% in respect of employees who were not working during the lockdown period.

In terms of Council's financial performance for the year ending in February 2022, Council is anticipating a decline in revenue given low interest rates offered by financial institutions, because Council relies heavily on the interest earned from the funds invested. The interest earned on the investments for the benefit funds will decrease due to the significant drop in the interest rates.

Industry companies are applying for exemptions so as to be exempted from paying Council levies and not to contribute to the Council Funds such as Leave Fund and Holiday Pay Bonus. Therefore, it is anticipated that there will be a decline in levies collected by Council and funds available for investment purposes.

However, Council will be able to meet the operating expenditure requirements and other financial obligations. Council has build-up reserves of R681m to alleviate against the negative impact on its liquidity and cashflow position.

22. Events after the reporting period

There are no material subsequent events to report on.

DETAILED INCOME STATEMENT

FIGURES IN RAND	Note(s)	2021	2020
Revenue			
Interest received		179,515,114	233,521,232
Wellness Fund contribution		261,551,309	261,668,166
Levies received		106,903,892	109,061,519
	12	547,970,315	604,250,917
Other income			
CCMA subsidy income		296,085	957,096
Legal fees recovered		116,736	454,648
Services Seta income		125,853	286,056
Rental income		196,579	365,166
Sheriff fees arbitration		26,567	21,107
Income arbitration costs		1,323,176	2,084,996
Sundry income		398,396	444
Profit on sale of assets		84,126	202,415
Income - arbitration penalties		1,028,454	2,653,997
		3,595,972	7,025,925
Expenses			
		(498,732,507)	(507,331,174)
Surplus for the year		52,833,780	103,945,668

The supplementary information presented does not form part of the financial statements and is unaudited.

DETAILED INCOME STATEMENT			
FIGURES IN RAND	Note(s)	2021	2020
Operating expenses			
Advertising		(749,274)	(6,192,006)
Non Reclaimable VAT		-	(583,811)
Auditors remuneration	16	(751,478)	(930,170)
Bad debts written off		(453,269)	-
Bank charges		(3,461,309)	(2,305,740)
Computer hardware, leasing and software maintenance		(29,686,862)	(25,415,185)
Consulting and professional fees		(4,297,839)	(4,406,360)
Depreciation, amortisation and impairments		(6,845,239)	(11,931,144)
Employee costs		(152,723,812)	(143,709,093)
Attendance fees		(3,713,963)	(3,380,559)
Pay card		(425,000)	(185,813)
Trucking Wellness funding		(14,925,798)	(14,259,906)
Arbitration expense		(16,328,152)	(21,127,494)
Bursary expense		(413,768)	(713,580)
Equipment hire		(3,691,787)	(3,721,731)
Exemption body expense		(2,213,439)	(465,538)
Lease rentals		(3,510,388)	(4,085,379)
Beneficiary verification		(1,025,376)	(79,935)
Insurance		(1,298,739)	(982,842)
Legal expenses		(5,195,091)	(4,077,512)
Medical expenses		(224,880,770)	(225,768,727)
Motor vehicle expenses		(894,409)	(2,443,463)
Management fee - Wellness		(780,966)	(492,780)
Negotiation paradigm		(19,675)	(217,032)
Representativity campaign expenses		(3,447,775)	(1,775,000)
Postage		(501,898)	(245,227)
Printing and stationery		(1,859,533)	(6,330,861)
Seminars		(132,410)	(1,145,918)
Meeting expenses		(587,492)	(1,011,371)
Repairs and maintenance		(1,728,011)	(3,537,572)
Security		(4,377,048)	(3,058,605)
Chairman's allowance		-	(33,754)
Staff welfare		(405,082)	(2,480,577)
Electricity and water		(4,450,723)	(4,278,176)
Telephone and fax		(2,163,239)	(2,379,531)
Staff training		(641,582)	(1,524,772)
Travel - local		(117,928)	(1,446,721)
Travel - Councillors		(33,383)	(607,289)
		(498,732,507)	(507,331,174)