

Koopkrag news



Exceptional service and rewards since 1938

December 2020

Dear Members

On behalf of Koopkrag's directors it gives me great pleasure to report on the 2020 financial results. What an extraordinary year it was.

Lockdown was implemented on the 27th of March 2020 and as far as we were concerned it resulted in the following:

- Lockdown commenced in the middle of the March/April purchase month, transaction turnover decreased by 4.18% compared to the same period in the previous year. The decline continued for the following months with a decrease of 18.71% for the April/May purchase month and a 10.71% decrease for the May/June purchase month. Unfortunately turnover never recovered and has remained on average 8% lower per month compared to the previous year.
- In an effort to alleviate some pressure on consumers the Reserve Bank lowered the prime lending rate by 3 percentage points during our financial year. As far as we were concerned, this was not ideal. Like many a pensioner we depend on interest income and this dropped by 13.1% compared to the previous year. This was mainly due to the lowering in interest rates but can also to a lesser extent be attributed to the temporary suspension of our financing activities.
- Due to the sharp drop in income, cost-saving measures were introduced in the middle of the year. These included amongst others the reduction in directors' and employee remuneration.
- Our personnel loans and financing facilities were temporarily suspended in an effort to protect the company's capital reserves, should a large number of our members be unable to meet their responsibilities towards the company. This decision did boost our reserves but unfortunately had a negative impact on income.
- More than R3 million in extended repayment terms were granted during this period. I would like to thank all of you who have since settled this debt.

Your transactions at contracted suppliers decreased by 4.46% (2019 – 1.71% increase) to R435 million (2019 – R456 million). In total gross company income decreased by 6.26% compared to the 0.68% decrease in 2019. For the year under review our income amounted to:

	2020	2019
<u>INCOME</u>	million	million
Rebate collected on behalf of consumer members	R10.77	R11.41
Commission revenue	R4.95	R4.70
Interest received	R8.05	R9.27
Other income	R1.31	R1.38

The annual Interest paid to consumer members (where applicable) on their guarantee fund amounted to R1.41 million (2019 – R1.60 million). The prime linked interest rates varied between 1.77% and 3.54% per annum (2019 - 2.10% - 4.10% per annum) and depended on the balance in each individual's guarantee fund account. The interest was credited to your September 2020 Koopkrag account. An amount of R12.74 million (2019 – R13.92 million) was declared and credited to your December Koopkrag account (where applicable) as a bonus this year. Bonus rates varied between 2.00% and 7.50% (2019 – 2.38% to 7.50%) depending on where you made your purchases during the bonus year.

In total administrative expenses increased by 0.92% compared to an increase of 2.53% in 2019. Expenses amounted to:

	2020	2019
<u>EXPENSES</u>	million	million
Employee expenses	R7.01	R6.79
Irrecoverable debt provided and written off	R0.34	R0.25
Bonus & interest paid to consumer members	R14.16	R15.52
Other expenses	R4.03	R4.16

We're not expecting any resurgence in the South African economy this coming year. As a matter of fact we are of the opinion that the economic consequences of the lockdown and our weak economy will remain with us for the foreseeable future. We question whether the political will exists to implement the changes needed to kick-start our failing economy.

Please note that all debit orders will be submitted for processing on the 21st. After this date no changes can be implemented.

Growth is even more important now than ever, especially growth in our consumer membership. Once again I would like to remind you that we still pay a R150 finders-fee for a newly approved consumer member. You are still our best and most successful marketing agents.

I would like to thank you and our suppliers for your continued support, without you a buying association cannot exist. I would also like to extend a special word of appreciation to my fellow directors and our personnel for their support, dedication, hard work and sacrifice during this year.

I wish you and your family a joyous festive season and a prosperous 2021.

J H du Plessis
Chairman

Public holidays

Our office will be closed on the following public holidays, Friday 25 December and Friday 1 January 2021. Emergency numbers are also available on our website's homepage.

important

Opening date of the next purchase month:

Saturday, 16 January 2021

LOST & STOLEN CARDS & SHORT-TERM INSURANCE CLAIMS

Lost or stolen cards can be reported to Nedbank at **0800 110 929**. To register Santam claims call **0860 505 911**. To register Momentum claims call **0860 111 512**, Momentum SOS Emergencies **0860 784 767**.

News

Due to the high age of most of the members covered by our two *Momentum group schemes* identifying possible replacements has proven more difficult than expected. We are trying to find replacements with similar benefits and premiums. We are hoping to be able to move the whole group from one insurer to another without any exclusions.

Suppliers

We would like to welcome the following new suppliers:

Eastwood Park Pharmacy (Pretoria)

749 Church Street Arcadia Tel: 012 344 3820

PETZONE Safari Gardens (Rustenburg)

Arend Road Safari Gardens Centre

OK Express Emslie (Lephalale)

OR Thambo Road

A comprehensive list of suppliers is available at www.koopkrag.com & m.koopkrag.com

Use our website & mobisite's quick and easy search facility to find the Koopkrag supplier closest to you. Now also available on our APP.



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