



**ANNUAL FINANCIAL STATEMENTS  
IN TERMS SECTION 15 OF THE PENSION FUNDS ACT NO 24, 1956  
AS AMENDED (PENSION FUNDS ACT)**

**NAME OF RETIREMENT FUND:** .....

**FINANCIAL SERVICES BOARD  
REGISTRATION NUMBER:** .....

**For the period:** ..... **to** .....

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\* **Not subject to any engagement by an auditor**

**NAME OF RETIREMENT FUND****SCHEDULE A  
REGULATORY INFORMATION  
For the period ended .....****Registered office of the fund**

Postal address:

Physical address:

**Financial reporting periods**

Current:

to

Previous:

to

&lt;Insert reason for any change in the reporting period of the fund&gt;

**Board of Fund**

Full name	E-mail address	Capacity*	Date appointed or re-appointed date (for all Board members)	Date resigned (for all Board members)

- \* - 'M' denotes member elected
- 'E' denotes employer appointed
- 'A' denotes alternate
- 'C' denotes chairperson
- 'I' denotes independent
- 'R' denotes section 26(2) appointment
- 'S' denotes sponsor appointed

**Governance note: schedule of meetings\* held by the Board of Fund in terms of the rules of the fund**

Meeting date	Place of meeting	Quorum (yes/no)

\* Only meetings held by the Board of Fund and does not include meetings held by the sub-committees

**Fund officers**

	Principal officer	Deputy Principal officer	Monitoring person*
Full name:			
Postal address:			
Physical address:			
Telephone number:			
Email address:			

\*(In terms of Section 13A of the Pension Funds Act)

**Professional service providers**

(Indicate the date of appointment/resignation of any service provider during the reporting period)

	Actuary/Valuator	Auditor
Full name:		
Postal address:		
Physical address:		
Telephone number:		
Email address:		

**NAME OF RETIREMENT FUND****REGULATORY INFORMATION - CONTINUED**

For the period ended .....

	<b>Benefit administrator</b>	<b>Fund consultant</b>
Full name:		
Postal address:		
Physical address:		
Telephone number:		
Benefit administrator's registration number in terms of section 13B:		
Fund consultant's FAIS registration number		

  

	<b>Investment administrator</b>	<b>Investment advisor</b>
Full name:		
Postal address:		
Physical address:		
Telephone number:		
Investment administrator's FAIS registration number :		
Investment advisor's FAIS registration number		

  

	<b>Risk insurer</b>	<b>Custodian and/or nominee</b>
Full name:		
Postal address:		
Physical address:		
Telephone number:		
FSP approval no.:		

**Participating employers**

The following employer/(s) participate in the fund in terms of the rules of the fund:

&lt;list participating employers&gt;

OR

The list of participating employers is available for inspection at the fund's registered office.

## NAME OF RETIREMENT FUND

### SCHEDULE B

#### STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND

For the period ended .....

##### Responsibilities

The Board of Fund hereby confirm to the best of their knowledge and belief that, during the period under review, in the execution of their duties they have complied with the duties imposed by Pension Funds Act legislation and the rules of the fund, including the following:

- ensured that proper registers, books and records of the operations of the fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund;
- ensured that proper internal control systems were employed by or on behalf of the fund;
- ensured that adequate and appropriate information was communicated to the members of the fund, informing them of their rights, benefits and duties in terms of the rules of the fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the fund or reported where necessary in accordance with section 13A and regulation 33 of the Pension Funds Act;
- obtained expert advice on matters where they lacked sufficient expertise;
- ensured that the rules and the operation and administration of the fund complied with the Pension Funds Act and all applicable legislation;
- ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the rules of the fund; and
- ensured that investments of the fund were implemented and maintained in accordance with the fund's investment strategy.

##### Approval of the annual financial statements

The annual financial statements of *<insert fund name>* are the responsibility of the Board of Fund. The Board of Fund fulfils this responsibility by ensuring the implementation and maintenance of accounting systems and practices adequately supported by internal financial controls. These controls, which are implemented and executed by the fund and/or its benefit administrators, provide reasonable assurance that:

- the fund's assets are safeguarded;
- transactions are properly authorised and executed; and
- the financial records are reliable.

The annual financial statements set out on pages *<insert page no>* to *<insert page no>* have been prepared for regulatory purposes in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the fund and the Pension Funds Act.

##### *In the case of a fund that has been audited-*

These financial statements have been reported on by the independent auditors, *<insert name of auditing firm>*, who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Fund believes that all representations made to the independent auditors in the management representation letter during their audit were valid and appropriate. The report of the independent auditors is presented on pages *<insert page numbers>*.

##### Instances of non-compliance

We are not aware of instances of non-compliance with laws and regulations, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements.

OR

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were rectified before the Board of Fund's approval of the financial statements:

Nature and cause of non-compliance	Impact of non-compliance matter on the Fund	Corrective course of action taken to resolve non-compliance matter
<i>[Insert detail]</i>	<i>[Insert detail]</i>	<i>[Insert detail]</i>

## NAME OF RETIREMENT FUND

### STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND - CONTINUED

For the period ended .....

AND/OR

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were not rectified before the Board of Fund's approval of the financial statements:

Nature and cause of non-compliance	Possible impact of non-compliance matter on the Fund	Corrective course of action to resolve non-compliance matter
[Insert detail]	[Insert detail]	[Insert detail]

These financial statements:

- were approved by the Board of Fund on <insert date>;
- are to the best of the Board members knowledge and belief confirmed to be complete and correct;
- fairly represent the net assets of the fund at <insert date> as well as the results of its activities for the period then ended; and
- are signed on behalf of the Board of Fund by:

<signature>  
**CHAIRPERSON**  
<Insert name>  
<insert date>

<signature>  
**BOARD MEMBER**  
<Insert name>  
<insert date>

<signature>  
**BOARD MEMBER**  
<Insert name>  
<insert date>

Notes: It is recommended that:

- the chairperson signs the financial statements together with an employer appointed board member and a member elected board member.
- in the case of an umbrella fund, retirement annuity fund or preservation fund that at least one of the independent board members also signs the financial statements together with the chairperson.

NAME OF RETIREMENT FUND

## SCHEDULE C

### STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER

For the period ended .....

I confirm that for the period under review the *<insert name of fund>* has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and to the best of my knowledge all applicable legislation except for the following (where applicable):

Specific instances of non-compliances	Remedial action taken

*<signature>*

**PRINCIPAL OFFICER/  
DEPUTY PRINCIPAL OFFICER\***

*<Insert name>*

*<insert date>*

\*The Principal Officer may delegate the signing to the Deputy Principal Officer but will retain responsibility for this statement

NAME OF RETIREMENT FUND

## SCHEDULE D

### REPORT OF THE AUDITOR TO THE BOARD OF FUND

Insert the relevant report as indicated in the matrix below:

Schedule	Category	Annexure
Schedule D 1	<b>Large funds</b> ( <i>ordinary*</i> , <i>umbrella</i> , <i>retirement annuity and preservation funds</i> )	1

\* Ordinary – any fund other than an umbrella, Retirement Annuity or Preservation Fund

## NAME OF RETIREMENT FUND

### SCHEDULE E

#### REPORT OF THE BOARD OF FUND

For the period ended .....

#### 1. DESCRIPTION OF THE FUND

##### 1.1. Type of fund <Type of fund in terms of the Income Tax Act, 1962>

The fund is a pension fund/ pension preservation fund/ provident fund / provident preservation fund/ retirement annuity fund/ beneficiary fund/ unclaimed benefit fund and is a defined contribution/ defined benefit fund / hybrid fund.

In terms of regulation 30(2)(t) (ii) of the Regulations to the Pension Funds Act, the umbrella fund is registered as a type A or B umbrella.

##### 1.2. Benefits

###### 1.2.1. Summary in terms of the rules of the fund. <Insert summary of the main benefits provided by the fund>

Example: Lump sum payments to retirees or their dependants, as well as death benefits. Retrenchment benefits. Retirement benefits.

###### 1.2.2. Unclaimed benefits

1.2.2.1. Strategy of Board of Fund towards unclaimed benefits. <Insert the strategy that the Board of Fund have adopted towards unclaimed benefits> (Add tracing policy towards unclaimed benefits here)

1.2.2.2. In respect of unclaimed benefits, complete records, as prescribed, are maintained as from <insert date>.

###### 1.2.3. Beneficiary benefits

Strategy of Board of Fund towards beneficiary benefits. <Insert the strategy that the Board of Fund have adopted towards beneficiary benefits>

##### 1.3. Contributions

###### 1.3.1. Description in terms of the rules of the fund.

1.3.1.1. Members' contributions. <Rule number><Insert description from the rules pertaining to members' contributions> Example: Members contribute at a rate of 7,5% of pensionable salary.

Members may make additional voluntary contributions as per the rules of the fund.

1.3.1.2. Employers' contributions. <Insert description from the rules pertaining to employer's contributions> Example: Participating employers contribute at a rate of 10,5% of pensionable salary. The rules were amended during the current financial period to increase the employer contribution rate from 10.5% to 12% of the pensionable salary.

1.3.1.3. Contribution holiday. Example: The fund was on a contribution holiday from xxx to xxx. The contribution holiday was settled against the Employer surplus account. (refer to note xx of the financial statements.)

##### 1.4. Rules/ amendments

###### 1.4.1. Amendments (period under review)

Rule amendment no.	Motivation and description of rule amendment	Date of Board of Fund's resolution	Effective date	Date registered by the Registrar of Pension Funds

1 All rule amendments are available for inspection at the fund's registered office.

2 Umbrella funds: All amendments in respect of special rules **need not be listed** but will be available for inspection at the fund's registered office



## NAME OF RETIREMENT FUND

### REPORT OF THE BOARD OF FUND - CONTINUED

For the period ended .....

#### 1.4.2. Revised rules / Consolidated rules:

During the current financial period the rules of the fund were completely revised / consolidated. The revised / consolidated rules were approved by the Registrar on <insert date>.

#### 1.5. Reserves and specified accounts established in terms of the rules of the fund

<rule number><Insert a description of the reserves and accounts as shown in the rules of the fund>

##### 1.5.1. Reserves

*Example: Processing error reserve*

##### 1.5.2. Accounts

*Example: Member Surplus account, Employer Surplus account, pensioner account*

## 2. INVESTMENTS

### 2.1. Investment strategy

*Example: The Board of Fund have formulated an investment strategy that complies with the provisions of Regulation 28 of the Pension Funds Act. In terms of this strategy the investments are managed according to the following principles.*

- 2.1.1. *General: <Insert a description of the investment policy adopted by the Board of Fund> Example: All cash withdrawals will be made from ABC Merchant Bank Limited and all new investments will be made by XYZ Assurance Ltd.  
Change in investment strategy. Example: With effect from xxx the fund's investment strategy changed. In terms of the new investment strategy all cash withdrawals will be made from XYZ Merchant Bank Limited and all new investments will be made by the ABA Assurance Ltd.*
- 2.1.2. *Individual member choice: <Insert a description of the investment strategy adopted by the Fund's Board of Fund in respect of individual member investment choice>*
- 2.1.3. *Unclaimed benefits: <Insert a description of the investment strategy adopted by the Fund's Board of Fund regarding the investment of unclaimed benefits>*
- 2.1.4. *Surplus apportionment allocations: <Insert a description of the investment strategy adopted by the Board of Fund regarding the investment of surplus apportionments>*
- 2.1.5. *Reserve accounts <Insert a description of the investment strategy adopted by the Board of Fund regarding the reserve accounts of the fund>*
- 2.1.6. *Settlement income <Insert a description of the investment strategy adopted by the Board of Fund regarding the settlement income of the fund>*
- 2.1.7. *Derivative Instruments: The Board of Fund utilises / does not utilise derivative instruments as part of their investment strategy. The Board of Fund ensures that the following have been complied with:*
  - *The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.*
  - *The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.*
  - *The investments are monitored for compliance with the provisions of regulation 28 and adherence to the investment mandate.*

## NAME OF RETIREMENT FUND

### REPORT OF THE BOARD OF FUND - CONTINUED

For the period ended .....

- 2.1.8. *Hedge funds: The Board of Fund utilises / does not utilise hedge funds as part of their investment strategy. The Board of Fund ensures that the following have been complied with:*
- *The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.*
  - *The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.*
  - *The investments are monitored for compliance with the provisions of regulation 28 and adherence to the investment mandate.*
- 2.1.9. *Private Equity Funds: The Board of Fund utilises / does not utilise private equity funds as part of their investment strategy. The Board of Fund ensures that the following have been complied with:*
- *The exposure of the asset class does not exceed the maximum percentages as prescribed to the underlying asset as set out in Regulation 28.*
  - *The investment mandate is in place and reviewed by the Board of Fund on a regular basis to ensure compliance with the requirements as prescribed by Regulation 28 and the relevant Notice.*
  - *The investments are monitored for compliance with the provisions of regulation 28 and adherence to the investment mandate.*
- 2.1.10. *Securities Lending Transactions: The Board of Fund utilises / does not utilise securities lending transactions as part of their investment strategy. The Board of Fund ensures that the securities lending transactions are in compliance with the relevant conditions as prescribed by Notice issued by the Registrar of Pension Funds.*

## 2.2. Management of investments

Example: *The fund's investments consist of non-linked policies (or insurance policies) and managed portfolios with ABC Merchant Bank Limited and XYZ Assurance Co. Ltd. Both investment administrators have complete discretion as to the composition of their share of the portfolio within the boundaries allowed by the Pension Funds Act. The Board of Fund meet at quarterly intervals to discuss investment policy and to monitor the asset allocation and performance of the investment administrators against the investment strategy of the fund. ABC Merchant Bank Limited and XYZ Assurance Limited are remunerated on a fee basis and are paid quarterly.*

## NAME OF RETIREMENT FUND

### REPORT OF THE BOARD OF FUND - CONTINUED

For the period ended .....

#### 3. MEMBERSHIP

	Active members	Deferred pensioners	Pensioners	Beneficiaries	Unclaimed benefits
<b>Numbers at beginning of period</b>					
Adjustments					
Additions					
Transfers in					
Transfers out					
Withdrawals					
Retirements				N/a	N/a
Retrenchments				N/a	N/a
Deaths					N/a
Transfers (from)/to pensioners / deferred pensioners					
Unclaimed Benefit paid					
<b>Numbers at end of period</b>					
Number at end of period (South African citizen)					
Number at end of period (non- South African citizen)					

<Insert a description of the reasons for any significant movement in membership> *Example: The majority of the members shown as 'transferred in' relates to new participating employers entering the fund.*

**Adjustments:**

<Insert an explanation for adjustments to the membership recon> *Example: The adjustments relate to 6 late withdrawals.*

#### 4. ACTUARIAL VALUATION

The fund has been exempted from the provisions of sections 9A and 16 of the Pension Funds Act. The valuation exemption was granted by the Registrar on <insert date> and the fund is in compliance with the conditions as prescribed.

<Insert reasons for any withdrawal of the valuation exemption>

**OR**

The financial statements summarise the transactions and net assets of the fund. The financial statements do not take account of liabilities to pay pensions and other benefits in the future. In accordance with the rules of the fund, the actuarial position of the fund, which does take account of such liabilities, is examined and reported on by the actuary at intervals not exceeding three years. An actuarial valuation was performed as at <insert date> and the Valuator reported that the fund was / was not in a sound financial position. [If the fund is not in a sound financial condition add the recommendation by the Valuator to remedy the shortfall Section 18 scheme.]

Interim valuations/annual review should replicate the above paragraph

## NAME OF RETIREMENT FUND

### REPORT OF THE BOARD OF FUND - CONTINUED For the period ended .....

#### 5. SURPLUS APPORTIONMENT OR NIL SCHEME

<Insert detail pertaining to surplus apportionment >

**Example:** The surplus apportionment date of the fund is <insert date>. The fund has submitted a nil return as there is no surplus to be distributed. The nil return was submitted to the Registrar on <insert date> and noted on <insert date>.

**OR**

##### **Surplus apportionment scheme**

The Board of Fund submitted a surplus apportionment scheme as at <insert date>, to the Registrar on <insert date>. The Registrar approved the scheme on <insert date>. The actuarial valuation as at surplus apportionment date revealed a gross actuarial surplus of R xxx to be apportioned. Included in this amount is surplus improperly utilised of R xxx. After taking the cost of the surplus apportionment exercise of R xxx into account, the net amount to be apportioned was R xxx.

##### **Improper use of surplus**

[Add a description of the surplus improperly utilised receivable]

**Example:** Surplus improperly utilised was R xxx as at surplus apportionment date. The total investment return incurred until the end of the financial period was R xxx. The employer surplus account was used to settle the improper use of surplus receivable. (refer to note xx of the financial statements)

##### **Member surplus account (if applicable)**

[Add a description of the movement in the Member surplus account]

**Example:** Surplus to the amount of R xxx was allocated to xx active members and xx former members as at surplus apportionment date. Investment return of R xxx was added until the date of approval of the surplus apportionment scheme. Surplus of R xxx was transferred to benefits for former members. The remaining surplus of R xxx was allocated to active members and transferred to member individual accounts. During the period under review, the account was utilised for.....

##### **Employer surplus account**

[Add a description of the movement in the Employer surplus account]

**Example:** The total surplus allocated to the Employer surplus account was R xxx as at surplus apportionment date. Investment return of R xxx was added until the date of approval of the surplus apportionment scheme. Surplus improperly utilised of R xxx was settled against the Employer surplus account. In addition the employer surplus account was utilised in terms of section 15E or section 15J for the following (list and state Rand amounts). The balance of the Employer surplus account was R xxx as at the end of the financial period.

##### **Benefits to former members**

[Add a description of the movement in benefits to former members]

**Example:** Benefits of R xxx were allocated to former members as at the date of approval of the surplus apportionment scheme. During the year, investment return of R xxx was allocated and benefits of R xxx were paid to former members. The benefits still due to the former members at the end of the financial period amounted to R xxx.

##### **Benefits to pensioners**

[Add a description of the movement in benefits to pensioners]

**Example:** Benefits allocated to pensioners at the date of the approval of the surplus apportionment scheme amounted to R xxx. During the year, investment return of R xxx was allocated and benefits of R xxx were paid to pensioners. The benefits still due to the pensioners at the end of the financial period amounted to R xxx.

## NAME OF RETIREMENT FUND

### REPORT OF THE BOARD OF FUND - CONTINUED

For the period ended .....

#### **Future surplus**

[Add a description of the future surplus in the fund.]

*Example: Future surplus was determined after surplus apportionment date by the fund's actuary, as per the latest financial review / actuarial valuation. All beneficiaries were considered with the allocation of surplus. The total surplus amounted to R xxx and was distributed as follows: .....*

## 6. HOUSING LOAN FACILITIES

*The fund has been granted an exemption in terms of section 19(6a) for loans or guarantees granted in terms of section 19(5B)(a) of the Act. This exemption has been granted for <insert period> in a letter dated <insert date> by the Registrar of Pension Funds.*

**Note should allow for the following scenarios:** (examples)

1) **The fund rules do not provide for the granting of housing loans or guarantees**

*Example: The fund does not grant housing loans or guarantees to members in terms of Section 19(5) of the Pension Funds Act.*

2) **The fund rules provides for housing loans**

*Example: The fund has granted housing loans in terms of rule xx of the fund and Section 19(5) of the Pension Funds Act. Each loan is secured by the fund credit of the respective member. The loan is limited to xx% of the respective member's fund credit. The annual rate of interest charged on outstanding loans was xx% for the reporting period.*

3) **The fund rules provide for the granting of housing loan guarantees**

*Example: The fund has granted housing loan guarantees in terms of rule <insert rule number> of the fund and Section 19(5) of the Pension Funds Act. Each guarantee is secured by the fund credit of the respective member. The loan is limited to xx% of the respective member's fund credit.*

## 7. INVESTMENTS IN PARTICIPATING EMPLOYERS

The fund holds no direct investments in the participating employer.

**OR**

<Insert detail pertaining to investments in participating employer>

*Example*

*Investments in terms of section 19(4A) of the Act*

*Details of investments held in participating employers are provided in note <insert note no> to the financial statements. The Registrar of Pension Funds has approved investments exceeding 5%, but not 10% of the fair value of the fund's investments. As provided for in section 19(4A) of the Pension Funds Act, the Board of Fund consulted with the fund's membership in this regard and the membership supported the making of such investments.*

*Investments in terms of section 19(5)(B) of the Act*

*The fund has been granted an exemption in terms of section 19(6a) for loans or guarantees granted in terms of section 19(5B)(a) of the Act. This exemption has been granted for <insert period> in a letter dated <insert date> by the Registrar of Pension Funds.*

## NAME OF RETIREMENT FUND

### REPORT OF THE BOARD OF FUND - CONTINUED

For the period ended .....

#### 8. SIGNIFICANT MATTERS

<Insert detail of any significant matters>

Examples:

Change of name

On <insert date> the fund changed its name from ..... to .....

Settlement income:

During the current financial year settlement income of R xxx was received from xxx for ....

Insurance premiums:

In terms of rule <insert rule number> of the registered rules of the fund, employer premiums in respect of insurance policies in the name of the employer, which is not a liability of the fund, is paid to the fund for onward payment to the insurer. Insurance premiums of R xxx for the period xxx to xxx were received and paid to <name of registered insurer>.

Section 14 transfer to other funds:

The fund is in the process of applying for a Section 14 transfer to <Fund name> with effect from <insert date>. The Section 14 transfer application was submitted to the Registrar on <insert date>. The value of the Section 14 transfer was R xxx as at the end of the financial period.

Rules of the fund:

The fund has not complied with the following rules during the current financial period: .....

Accumulated funds:

Included in Accumulated funds are member individual accounts to the amount of R xxx, for the Defined Contribution section of the fund.

#### 9. ADDITIONAL DISCLOSURE

[Allows for additional disclosure, if needed.]

#### 10. SUBSEQUENT EVENTS

<Insert description of any material occurrences affecting the financial position of the fund subsequent to the end of the current period>

Examples:

Subsequent to the end of the current period the fair value of investments decreased by R xxx. This devaluation of x% in the investment portfolio has not been accounted for in the annual financial statements.

OR

Rule amendment <insert rule number> was approved by the Registrar after year end on <insert date> which allows for the following:

OR

Subsequent to year end the fund's investment strategy changed to incorporate the following: .....

**NAME OF RETIREMENT FUND**

**SCHEDULE F**  
**STATEMENT OF NET ASSETS AND FUNDS**  
**At .....**

	Notes	Current period R	Previous period R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	1		
Investments (including investment and owner occupied properties)	2		
Housing loan facilities	3		
Surplus improperly utilised receivable	22		
<b>Current assets</b>			
Transfers receivable	5		
Accounts receivable	4		
Contributions receivable	12		
Cash at bank			
Surplus improperly utilised receivable	22		
<b>Total assets</b>			
<i>(Applicable to defined contribution funds)</i>			
<b>FUNDS AND LIABILITIES</b>			
<b>Members' funds and surplus account</b>			
Members' individual accounts			
Amounts to be allocated	23		
Member surplus account	21		
<b>Reserves</b>			
Reserve accounts	21		
Revaluation reserve: Property, plant and equipment	6		
<b>Total funds and reserves</b>			
<i>(Applicable to defined benefit funds)</i>			
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and surplus account</b>			
Accumulated funds			
Member surplus account	21		
<b>Reserves</b>			
Reserve accounts	21		
Revaluation reserve: Property, plant and equipment	6		
<b>Total funds and reserves</b>			
<b>Non-current liabilities</b>			
Employer surplus account	21		
Financial liabilities	16.1		
Provisions	16.2		
Unclaimed benefits	9		
<b>Current liabilities</b>			
Transfers payable	7		
Benefits payable	8		
Accounts payable	10		
Retirement fund taxation	11		
Contributions payable			
Bank overdraft			
<b>Total funds and liabilities</b>			

NAME OF RETIREMENT FUND

**SCHEDULE G**

**STATEMENT OF CHANGES IN NET ASSETS AND FUNDS**

For the period ended ...

	Notes	A Members' individual accounts & amounts to be allocated/ Accumulated funds R	B Reserves Refer notes 6 and 21 R	A + B Total Current period R	Total Previous period R
Contributions received and accrued	12				
Contributions transferred from reserve accounts	21				
Contributions transferred from surplus accounts	21				
Surplus improperly utilised	22				
Reinsurance proceeds					
Net investment income	13				
(less) Allocated to unclaimed benefits					
Other income ( <i>provide details</i> )	13.1				
Less:					
Re-insurance premiums					
Administration expenses	14				
Retirement fund taxation	11				
<b>Net income before transfers and benefits</b>					
<b>Transfers and benefits</b>					
Transfers from other funds	5				
Transfers to other funds	7				
Benefits	8				
<b>Net income after transfers and benefits (carried forward)</b>					



**NAME OF RETIREMENT FUND**

**STATEMENT OF CHANGES IN NET ASSETS AND FUNDS- CONTINUED**

For the period ended ...

	Notes	A Members' individual accounts & amounts to be allocated/ Accumulated funds R	B Reserves  Refer Notes 6 and 21 R	A + B Total Current period R	Total Previous period R
<b>Net income after transfers and benefits (brought forward)</b>					
<b>Funds and reserves</b>					
Balance at beginning of period					
Prior period adjustments	15				
Transfer between reserve accounts	21				
Investment return allocated					
Current members					
Former members					
Surplus and reserve accounts	21				
Surplus apportionment	21				
Revaluation surplus: Property, plant and equipment	6				
Transfer between reserve accounts					
Employer surplus account					
Member surplus account ( <i>Provide details</i> )					
Allocations to/from surplus accounts					
Benefits to former members					
Surplus transfers payments					
Benefit enhancements - other					
Surplus transfers received					
<b>Balance at end of period</b>					

## **SCHEDULE HA**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period ended...**

#### **PRINCIPAL ACCOUNTING POLICIES**

The following are the principal accounting policies used by the fund. These policies have been applied consistently to all years presented, unless otherwise specifically stated.

<Insert principal accounting policies>

#### **(The following statements are examples only)**

##### **Purpose and basis of preparation of financial statements**

*The financial statements are prepared in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa, the rules of the fund and the provisions of the Pension Funds Act.*

*The financial statements are prepared on the historical cost and going concern basis, except where specifically indicated otherwise in the accounting policies below:*

##### **Plant and equipment**

- *All plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation. The remaining plant and equipment is stated at historical cost less depreciation. Increases in the carrying amount arising on revaluation are credited to the revaluation reserve.*
- *Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement. Each period the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the Statement of Changes in Net Assets and Funds) and depreciation based on the asset's original cost is transferred from the revaluation reserve to accumulated funds.*
- *Depreciation is calculated on the straight-line method to write off the cost of each asset, or the re-valued amounts, to their residual values over their estimated useful life as follows:*

<i>Leasehold improvements</i>	<i>Period of lease</i>
<i>Computer equipment and software</i>	<i>2 - 5 years</i>
<i>Office equipment</i>	<i>3 - 8 years</i>
<i>Furniture and fittings</i>	<i>10 years</i>

- *Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised.*
- *Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining the net surplus or deficit.*
- *Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.*

##### **Financial instruments**

- *Measurement*
  - *Financial instruments include cash and bank balances, investments, housing loans, receivables, accounts payable, leases and borrowings.*
  - *Financial instruments are initially measured at cost as of trade date, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.*

##### **Investments**

*Investments are initially measured at fair value, plus directly attributable transaction costs other than those classified at fair value through the Statement of Changes in Net Assets and Funds. Gains or losses arising from changes in the fair value are presented in the Statement of Changes in Net Assets and Funds in the period in which they arise. Describe valuation method for valuation of unlisted equities.*

##### **Collective Investment Schemes**

*Collective investment schemes are valued at the repurchase price.*

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended ...

### PRINCIPAL ACCOUNTING POLICIES - CONTINUED

#### **Housing loans**

*Housing loans are classified as loans originated by the fund and are measured at amortised cost.*

#### **Other loans**

*Other loans are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are recognised when the asset is acquired using trade date accounting.*

#### **Insurance policies**

- Linked policies  
*Insurance policies linked to listed investments are valued at fair value and are therefore equivalent to market value of the underlying assets as certified by the Investment Insurers concerned.*
- Non-linked policies  
*Non-linked investment policies with insurers are valued on the basis of the policyholder's retrospective contribution to assets (i.e. accumulation at the actual investment return achieved on gross premiums). Guaranteed insurance policies are valued at fair value, which is equivalent to the guaranteed amount and non-vested bonuses as certified by the Investment Insurers concerned at inception of the contract.*
- Pensioner annuity policies  
*Pensioner annuity policies purchased in the name of the fund are disclosed as an asset of the fund and included under investments. The corresponding pensioner liability is included under accumulated funds. These policies are valued, equivalent to the market value as certified by the insurer.*

#### **Investment property**

*Investment properties are held to earn rental income and appreciate capital value. Owner-occupied properties are held for administrative purposes. This distinguishes owner-occupied properties from investment properties. Investment properties are accounted for by means of the fair value model and are carried at market value determined annually by external independent professional valuers. Fair value adjustments are included in the net surplus or deficit for the period. Investment properties are not subject to depreciation.*

#### **Property and Land**

*Property is initially recorded at cost. Land and buildings are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation. The remaining property and plant is stated at historical cost less depreciation. Increases in the carrying amount arising on revaluation are credited to the revaluation reserve.*

*Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement. Each period the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the Statement of Changes in Net Assets and Funds) and depreciation based on the asset's original cost is transferred from the revaluation reserve to accumulated funds.*

*Depreciation is calculated on the straight-line method to write off the cost of each asset, or the re-valued amounts, to their residual values over their estimated useful life as follows:*

<i>Buildings</i>	<i>25 – 40 years</i>
------------------	----------------------

*Land is not depreciated as it is deemed to have an indefinite life.*

*Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Impairment losses are recognised.*

*Gains and losses on disposal of property and land are determined by reference to their carrying amount and are taken into account in determining the net surplus or deficit.*

*Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.*

#### **Derivatives**

*Derivative contracts are entered into mainly to hedge exposure to equities.*

*The parameters are defined in terms of the investment policy statement approved by the Board of Fund.*

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended ...

### PRINCIPAL ACCOUNTING POLICIES - CONTINUED

#### **Asset impairment**

*Asset impairment tests are applied annually to assets whose measurement basis is historic cost or historic cost as adjusted for revaluations. An impairment loss is recognised when an asset's carrying value exceeds its recoverable amount. Impairment losses are initially adjusted against any applicable revaluation reserve then expensed in the statement of changes in net assets and funds. If the impairment loss for an asset exceeds the carrying value of the asset the excess is recognised as a provision.*

*The recoverable value is the higher of the asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Value in use is the present value of estimated future cash flows expected to flow from the continuing use of the asset and from its disposal at the end of its useful life.*

*If the recoverable amount of an asset subsequently exceeds the carrying value resulting from the application of its accounting policy, an impairment reversal is recognised to that extent. The impairment reversal is applied in reverse order to the impairment loss.*

#### **Accounts receivable**

*Accounts receivable are stated at amortised cost less provision for doubtful debts.*

- Cash and cash equivalents

*Cash and cash equivalents are measured at fair value.*

- Accounts payable

*Accounts payable are recognised at amortised cost, namely original debt less principal payments and amortisations.*

#### **Provisions**

*Provisions are recognised when the fund has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of discounting to present value is material, provisions are adjusted to reflect the time value of money.*

#### **Contributions**

*Contributions are brought to account on the accrual basis except for voluntary contributions, which are recorded in the period in which they are received.*

#### **Dividend income, insurance policy income, interest and rentals**

- Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the fund.
- Insurance policy income and dividends are recognised when entitlement to revenue is established.
- Rental income is recognised on a straight-line basis over the lease term.
- Gains and losses on subsequent measurement

*Gains and losses on subsequent measurement to fair value of investments and of all other financial instruments are recognised in the net investment income during the period in which the change arises.*

#### **Transfers to and from the fund**

*Section 14 and 15B transfers to or from the fund are recognised on approval being granted by the Financial Services Board. Individual transfers are recognised when the individual member's transfer is received or paid.*

#### **Comparatives**

*Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.*

*This only applies to the first period in which the revised guidance provided in the guide is applied.*

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended...

### 1 Plant and equipment

#### 1.1 Current period

	A	B	C	D	E	A+B+C+D+E
	Plant R	Computer equipment and software R	Office equipment R	Furniture and fittings R	Other <sup>Note 1</sup> R	Total R
<b>Gross carrying amount</b>						
At beginning of period						
Additions						
Disposals						
Revaluation reserve (note 6)						
Other movements						
<b>At end of period</b>						
<b>Accumulated depreciation and impairment</b>						
At beginning of period						
Depreciation charges						
Accumulated depreciation on disposals						
Impairment						
Other movements						
<b>Net carrying amount at end of period</b>						

*Example: The impairment charge of RX for <insert asset class, eg office equipment> comprises RX relating to [insert type of asset, eg telephones] and RX relating to [insert type of asset, eg televisions].*

*The fair value of furniture and fittings is materially different from the carrying amount.*

*The following asset classes have been pledged as security for liabilities / have a restriction on title.*

#### Note 1

Other (provide details):

Description	Net carrying amount at end of period
-------------	--------------------------------------

eg leasehold improvements, vehicles etc:

## NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended...

### 1 Plant and equipment - continued

#### 1.2 Previous period

	A	B	C	D	E	A+B+C+D+E
	Plant R	Computer equipment and software R	Office equipment R	Furniture and fittings R	Other R	Total R
<b>Gross carrying amount</b>						
At beginning of period						
Additions						
Disposals						
Revaluation reserve (note 6)						
Other movements						
<b>At end of period</b>						
<b>Accumulated depreciation and impairment</b>						
At beginning of period						
Depreciation charges						
Accumulated depreciation on disposals						
Impairment						
Other movements						
<b>Net carrying amount at end of period</b>						

*Example: The impairment charge of RX for <insert asset class, eg office equipment> comprises RX relating to [insert type of asset, eg telephones] and RX relating to [insert type of asset, eg televisions].*

*The fair value of furniture and fittings is materially different from the carrying amount.*

*The following asset classes have been pledged as security for liabilities / have a restriction on title.*

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

### 2 Investments

#### 2.1 Investment summary

		A	B	A+B				
		Local	Foreign	Total	Total	Fair value	Amortised	Categorised
	Notes			Current	Previous	Current	cost	per
		R	R	period	period	period	Current	Regulatory
				R	R	R	period	Framework
							R	
Cash								
Commodities								
Debt Instruments including Islamic debt instruments								
Investment properties and Owner occupied properties*	2.3							
Equities (including demutualisation shares)**								
Insurance policies***								
Collective investment schemes								
Hedge funds								
Private equity funds								
Investment in participating employer(s)	2.2							
Derivative Market instruments								
Other assets								
<b>Total investments</b>								

\* The land and buildings consist of an office block situation on stand ... The land and buildings were revalued by an independent valuator. The valuation was performed as at xxx. The valuator used the following assumptions in determining the fair value of the land and buildings..... The fair value was determined directly by reference to observable prices in an active market. If the land and buildings had been carried at the cost model, the value of the land and buildings would have been R xxx.

\*\* Unlisted equities must be disclosed

\*\*\*Includes non-linked policies with vested bonuses

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

### 2 Investments - continued

#### 2.2 Investments in participating employer/s

	A	B	C	D	E	A+B-C+D+/-E
	At beginning of period	Additions	Repaid/ Disposals	Interest capitalised	Other adjustments	At end of period
	R	R	R	R	R	R
Cash						
Commodities						
Housing Loans						
Debt Instruments including Islamic debt						
Equities						
Investment properties and Owner Occupied Properties						
Hedge Funds						
Private equity Funds						
Other (provide details)						
<b>TOTAL</b>						

<Insert paragraph to explain the terms of the loans and the security given>

- Less than 5%
- Greater than 5% - approved
- Greater than 5% - not approved

<insert paragraph to explain approvals listed above given by the Registrar of Pension Funds for the investments in the participating employers>

Unlisted equities must be disclosed



# NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

## 2 Investments - continued

### 2.3 Investment properties and Owner Occupied Investments

#### 2.3.1 Current Period

					A	B	C		D	E	F	A+B-C+ D+E+F
Instrument	Address	Valuation method	Date of last valuation	Pledged as a guarantee	At beginning of period	Additions	Disposals	Revaluation reserve (note 6)	Fair value adjustment	Transfer to/from owner occupied properties or Investment properties	Other	At end of period
				Yes/No	R	R	R	R	R	R	R	R
Investment Properties (List)												
Owner Occupied Properties (List)												
TOTAL OF PROPERTIES												

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

### 2 Investments - continued

#### 2.3 Investment properties and Owner Occupied Investments (continued)

##### 2.3.2 Previous Period

					A	B	C		D	E	F	A+B-C+ D+E+F
Instrument	Address	Valuation method	Date of last valuation	Pledged as a guarantee	At beginning of period	Additions	Disposals	Revaluation reserve (note 6)	Fair value adjustment	Transfer to/from owner occupied properties or Investment properties	Other	At end of period
				Yes/No	R	R	R	R	R	R	R	R
Investment Properties (List)												
Owner Occupied Properties (List)												
TOTAL OF PROPERTIES												

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**3 Housing loan facilities**

**3.1 Housing loans**

	A	B	C	D	E	A+B-C+D+/- E
	At beginning of period	Granted	Repaid	Interest capitalised	Other adjustment s	At end of period
	R	R	R	R	R	R

Loans granted in terms of the rules of the fund and section 19(5) of the Pension Funds Act (*provide details*)

**TOTAL**

<insert paragraph explaining the terms of the loan and the security given>

*(Example: The fund has granted housing loans, limited to xx% of the relevant member's withdrawal benefit, in terms of the rules of the fund and Section 19(5) of the Pension Funds Act. Each loan is secured by the benefit of the respective member and / or a mortgage bond over the property registered in favour of the fund. The loans bear interest at the prime overdraft rate less xx% and are repayable in equal monthly instalments.)*

**3.2 Housing loan guarantees**

- The fund has granted guarantees to ..... (Institution) for loans granted to XX members of the fund. The guarantees amounted to R..... .
- The amount of the guarantee may not exceed ....% of the benefit that a member would receive in terms of the rules of the fund and Section 19(5) of the Pension Funds Act if he or she had to terminate membership to the fund voluntarily.
- The total housing loan guarantee facility available to the fund is R xxx and is renewable on <insert date>.

Note: All loans to members must be granted in accordance with section 19(5) or 19(6) of the Pension Funds Act, and in terms of the rules of the fund. The interest rate charged on the outstanding loans at the end of the period must be disclosed. The members' withdrawal benefits and/or mortgage bonds must secure all loans to members. (See comment in the Report of the Board of Fund).

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**4 Accounts receivable**

	Current period R	Previous period R
<hr/>		
<i>(Provide details)</i>		
<hr/>		
<b>TOTAL</b>		
<hr/>		

**5 Transfers from other funds/ Transfers receivable**

	Effective date	No. of members	Applied for not yet approved (contingency) R	A At beginning of period R	B Transfers approved R	C Return on transfers R	D Assets transferred R	A+B+C-D At end of period R
<hr/>								
Total transfers in terms of section 14*								
Name of fund								
Name of fund								
Total transfers in terms of section 15B/ 15E/ 15F*								
Name of fund								
Name of fund								
Individual transfers								
Total Prospective approvals in terms of section 14*								
Name of Fund								
• transfer 1								
• transfer 2								
<b>Total</b>								
<hr/>								
Transfers approved (B)								
Return on transfers (C)								
<b>Statement of changes in net assets and funds</b>								
<hr/>								

\*Provide details of 10 largest transfers in value. If more than 10 transfers were received during the period, the list must be available for inspection at the funds registered office.

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**6 Revaluation reserve - Property, plant and equipment**

	<b>Current period R</b>	<b>Previous period R</b>
At beginning of period		
Revaluation		
Impairments		
Transfer to statement of changes in net assets and funds		
<b>At end of period</b>		

**7 Transfers to other funds/ Transfers payable**

	<b>Effective date</b>	<b>No. of members</b>	<b>Applied for not yet approved (contingency) R</b>	<b>A At beginning of period R</b>	<b>B Transfers approved R</b>	<b>C Return on transfers R</b>	<b>D Assets transferred R</b>	<b>A+B+C-D At end of period R</b>
Total transfers in terms of section 14*								
Name of fund								
Name of fund								
Transfers in terms of section 15B/ 15E/15F*								
Name of fund								
Name of fund								
Individual transfers								
Total Prospective approvals in terms of section 14*								
Name of Fund								
• transfer 1								
• transfer 2								
<b>Total</b>								
Transfers approved (B)								
Return on transfers (C)								
<b>Statement of Changes in Net Assets and Funds</b>								

\* Provide detail of 10 largest transfers in value. If more than 10 transfers were paid during the period, the list must be available for inspection at the funds registered office.

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**8 Benefits**  
**8.1 Benefits – current members**

	A	B	C	D	E	A+B+C-D-E
	At beginning of period	Benefits for current period	Return allocated	Payments	Transferred to unclaimed benefits	At end of period
	R	R	R	R	R	R
Monthly pensions						
Lump sums on retirements						
Full benefit						
Pensions commuted						
Lump sums before retirement						
Disability benefits						
Death benefits						
Withdrawal benefits						
Retrenchment benefits						
Minimum benefit payments made in terms of section 15						
Defaults - housing loan facilities						
Divorce payments						
Other ( <i>Provide details</i> )						
<b>Total (8.1)</b>						
Benefits for current period (B)						
Return allocated (C)						
<b>Statement of changes in net assets and funds</b>						

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**8.2 Benefits in terms of surplus apportionment**

	A	B	C	D	E	A+B+C-D-E
	At beginning of period	Surplus allocated	Return allocated	Payments	Transferred to Unclaimed Benefits	At end of period
	R	R	R	R	R	R
Enhancements to pensioners						
Enhancements to former members						
<b>Total benefits (8.2)</b>						
Surplus allocated (B)						
Return allocated (C)						
<b>Statement of changes in net assets and funds</b>						
Total benefits (8.1 + 8.2)						

**9 Unclaimed benefits**

	Current period R	Previous period R
At beginning of period		
Transferred from benefits payable		
Adjustments		
Investment income allocated		
Less:		
Tracing expenses		
Administration expenses		
Other expenses		
Benefits paid		
Transferred to unclaimed benefits fund		
<b>Balance at end of period</b>		

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**10 Accounts payable**

	Current period R	Previous period R
<i>(Provide details)</i>		

**11 Retirement Fund Taxation (if applicable)**  
**(RFT abolished from 1 March 2007)**

	Current period R	Previous period R
Taxable income		
Less: Formulae reduction		
Retirement fund taxable amount		
Retirement fund taxation @ relevant rate		
Adjustments		
Retirement fund taxation (as per statement of changes in net assets and funds)		
At beginning of period		
Retirement fund taxation		
Penalties and interest		
Other adjustments		
Retirement fund taxation paid		
<b>At end of period</b>		

**12 Contributions**

	A At beginning of period  R	B Towards retirement  R	C Towards re-insurance and expenses  R	D Contributions received  R	A+B+C-D At end of period  R
Member contributions -received and accrued					
Employer contributions - received and accrued					
Additional contribution in respect of actuarial shortfall					
Additional voluntary contributions – employer					
Additional voluntary contributions – members					
Other (provide details)					
<b>Total</b>					
Towards retirement					
Toward re-insurance and expenses					
<b>Statement of changes in net assets and funds</b>					



**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**13 Net investment income**

	Current period R	Previous period R
Income from investments		
Dividends		
Interest		
Rentals		
Collective investment schemes distribution		
Income from insurance policies		
Interest on late payment of contributions		
Interest levied on surplus improperly utilised		
Adjustment to fair value (provide details)		
Less: Expenses incurred in managing investments		
Less: Interest paid on borrowings		
<b>Total</b>		

**13.1 Other income**

	Current period R	Previous period R
Bad debts recovered		
Other ( <i>Provide details</i> )		

**14 Administration expenses**

	Notes	Current period R	Previous period R
Actuarial fees			
Administration fees			
Audit fees			
Audit services			
Expenses			
Other ( <i>Provide details</i> )			
Consultancy fees			
Depreciation - at cost			
Depreciation - at revaluation			
Fidelity Insurance			
Levies			
Other ( <i>Provide details</i> )			
Office expenses			
Operating lease payments			
Penalties			
Principal officer expenses	14.3		
Staff expenses	14.2		
Secretarial fees			
Board of Fund expenses	14.1		
Less: Amount allocated to unclaimed benefits	9		
<b>Total</b>			

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

### 14. Administration expenses - continued

#### 14.1 Board of Fund expenses

	Current period R	Previous period R
Remuneration		
Meeting allowances		
Expenses		
Other payments ( <i>provide details</i> )		
<b>Total</b>		

#### 14.2 Staff expenses

	Current period R	Previous period R
Remuneration		
Contributions to retirement fund		
Training expenses		
Other payments ( <i>provide details</i> )		
<b>Total</b>		

#### 14.3 Principal Officer expenses

	Current period R	Previous period R
Fees as Board member		
Remuneration		
Allowances		
Contributions to retirement fund		
Bonus		
Other payments ( <i>provide details</i> )		
<b>Total</b>		

### 15 Prior period adjustment

	Current period R	Previous period R
( <i>Provide details</i> )		

#### Example:

*During the period, the fund changed its accounting policy with respect to (mention the specific standard or interpretation, nature of change, amount of the adjustment for each financial statement line) and reason for change).*

*During the prior period, the following error occurred: (mention nature of the error and the amount)  
Consistent with the Regulatory Reporting Requirements for Retirement Funds in South Africa, comparatives have not been restated.*

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**16 Financial liabilities and provisions**

**16.1 Financial liabilities**

	Current period R	Previous period R
(Provide details)		
<b>TOTAL</b>		

**16.2 Provisions**

	Current period R	Previous period R
(Provide details)		
<b>TOTAL</b>		

**16.2.1 For each class of provision, disclose the following:**

- Description of the underlying obligation and expected timing of the settlement thereof.
- Indication of uncertainties about the amount or timing of those settlements
- Amount of expected reimbursements

**16.2.2 Contingent liability**

- Nature of the contingent liability
- Estimated financial effect
- Indication of the uncertainties relating to the amount or timing of any outflow
- Possibility of any reimbursement and **estimated amount thereof**.
- 

**16.2.3 Contingent asset**

- Nature of the contingent asset
- Estimated financial effect

**17 Risk management policies**

**(This is not a complete list of all kinds of risks, should be tailored to the fund's specific risks)**

**Risk management framework**

*The Board of Fund has overall responsibility for the establishment and oversight of the fund's risk management policies. The Board of Fund has established the Risk Management Committee, which is responsible for developing and monitoring the fund's risk management policies. The committee reports regularly to the Board of Fund on its activities.]*

*The fund's risk management policies are established to identify and analyse the risks faced by the fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the fund's activities.*

• **Solvency risk**

*Solvency risk is the risk that the investment returns on assets will not be sufficient to meet the funds contractual obligations to members.*

*Continuous monitoring by the Board and the fund's actuary takes place to ensure that appropriate assets are held where the fund's obligation to members are dependent upon the performance of specific portfolio assets and that a suitable match of assets exists for all other liabilities.*

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

- **Credit risk**  
Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation, and cause the fund to incur a financial loss.  
The Board monitors receivable balances on an on-going basis with the result that the fund's exposure to bad debts is not significant. An appropriate level of provision is maintained.
- **Legal risk**  
Legal risk is the risk that the fund will be exposed to contractual obligations which have not been provided for. Legal representatives of the fund monitor the drafting of contracts to ensure that rights and obligations of all parties are clearly set out.
- **Cash flow risk**  
Cash flow risk is the risk that future cash flows associated with monetary financial instrument will fluctuate. The fund is exposed to cash flow risk in respect of variable rate debt instruments into which it is invested.  
The Board of Fund monitors cash flows by using monthly cash flow projections.
- **Liquidity risk**  
Liquidity risk is the risk that the fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.  
The fund's liabilities are backed by appropriate assets and it has significant liquid resources.
- **Market risk**  
The key components of market risk are: price risk, interest rate risk and undiversifiable(systemic) risk
- **Price risk**  
Price risk is the risk that the value and/ or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.
- **Interest rate risk**  
Interest rate risk is the risk that the value and /or future cash flows of financial instruments will fluctuate as a result of changes in interest rates.  
The Board of Fund monitors exposures to interest rate risk by using monthly cash flow projections.
- **Currency risk**  
Currency risk is the risk that the value of an instrument will fluctuate in Rands owing to changes in foreign exchange rates. The fund's exposure to currency risk is mainly in respect of foreign investments made on behalf of members of the fund for the purpose of seeking desirable international diversification of investments.  
The Board of Fund monitors this aspect of the fund's investments and limits it to SARB limits of total assets.
- **Investments**  
Investments in equities are valued at fair value and therefore susceptible to market fluctuations.  
Investments are managed with the aim of maximising the fund's returns while limiting risk to acceptable levels within the framework of statutory requirements.

Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-market related liabilities.

### 18 Promised retirement benefits

The actuarial present value of promised retirement benefits, distinguishing between vested benefits and non-vested benefits is set out in the report of the valuator.

### 19 Related party transactions

<The following are examples only>

Related party	Relationship	Description	Transactions
			R xxx
			R xxx
			R xxx

The fund has made an investment in the XYZ (Pty) Ltd in Johannesburg, which is a company owned by certain Board member(s) of the Fund. The investment represents 7% of the issued share capital of XYZ (Pty) Ltd. The carrying value of the investment at year-end was Rxx (previous year: Rxx).

## NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

The independent chairperson on the fund owns the company, which provides consulting services to the fund. Consulting fees for current year amounted to RXXX (previous year: RXXX) (refer to note XX to the financial statements). At year-end consulting fees payable amounted to RXXX (previous year: RXXX). Consulting fees were charged at market related prices.

The principal officer is also the managing director and holder of 50% interest in Retirement Fund Administrators Limited, the third party administrator of the fund. Administration fees for the current year amounted to RXXX (previous year: RXXX) (refer to note XX to the financial statements). At the end of the period administration fees payable amounted to RXXX (Previous year: RXXX). Administration fees were charged at market related prices.

The participating employer occupies an investment property owned by the fund. Rent of RXXX (previous year: RXXX) was received from the participating employer (refer to note XX to the financial statements). Rent was charged at market related price.

The participating employer purchased a property owned by the fund during the current period. The purchase price of RXXX was a market related price. The profit on the sale of the property is reflected in note XX to the financial statements.

### **Principal officer fees**

During the current financial period, fees amounting to R xxx were paid to the Principal Officer.

### **Service provider, Consulting, Investment and Actuarial fees**

Administration fees of R xxx and consulting fees of R xxx were paid to the administrator / consultant of the fund, on xx/xx/xxxx.

### **Board of Fund**

The Board member(s) of the Fund make contributions to the fund and receive benefits from the fund. The Board member(s) of the Fund incurred expenses to the amount of R xxx during the current financial period.

The following transactions between the participating employer and the fund occurred during the period

- The participating employer made contributions to the fund for members' retirement and towards the fund's expenses to the value of RXXX and RXXX respectively. (Refer note XX of the financial statements)
- The fund has granted a loan to the participating employer to the value of RXXX (Refer note XX of the financial statements).
- The fund holds investments in the participating employer to the value of RXXX (Refer note XX of the financial statements).
- The participating employer owes the fund RXXX for surplus improperly utilised in terms of the surplus apportionment scheme. The employer will repay this amount over nine years ending on the <insert date> / The surplus improperly utilised was settled against the Employer surplus account during the current financial period.
- Surplus to the amount of R xxx was allocated to the Employer surplus account on xxx, the approval date of the surplus apportionment scheme. The balance of the Employer surplus account was R xxx as at the end of the financial period.
- Premiums to unapproved policies amounting to R xxx and funeral premiums amounting to R xxx were settled against the contributions towards risk and expenses. Included in Accounts payable is an amount payable to the employer towards outstanding Indemnity and Fidelity premiums. (refer to note xx of the financial statements)
- The participating employer was on a full contribution holiday during the current financial period. The contribution holiday of R xxx was settled against the Employer surplus account. (refer to note xx of the financial statements).

## **20 Operating lease commitments**

	Current period R	Previous period R
Future minimum operating lease payments		
Within one year		
Between one and five years		
After five years		
<b>TOTAL</b>		

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**21 Surplus and reserve accounts**

			A+B+C+D+E+F	A	B	C	D	E	F
	Member/ pensioner surplus account R	Employer surplus account R	Reserve Accounts R	Employer protection reserve R	Contingency reserve R	Invest - ment reserve R	Risk reserve R	Pensioner reserve R	Other reserves R
At beginning of period									
Employer surplus apportionment									
Member surplus apportionment									
Benefit enhancement – current members									
Contributions received and accrued									
Contributions transferred from reserve accounts									
Contributions transferred from surplus accounts									
Surplus improperly utilised									
Reinsurance proceeds									
Net investment income									
Allocated to unclaimed benefits									
Other income (provide details)									
Less:									
Re-insurance premiums									
Administration expenses									
Retirement fund taxation									
Net income before transfers and benefits									

<b>Transfers and benefits</b>			
Transfers from other funds			
Transfers to other funds			
Benefits			
<b>Net income after transfers and benefits (carried forward)</b>			
<b>Transfer between reserve accounts</b>			
Net investment return			
Benefit enhancement – pensioners			
Contribution holiday – after surplus apportionment			
Contribution holiday – before surplus apportionment			
<b>At end of period</b>			

## 22 Surplus improperly utilised receivable

	Current period R	Previous period R
Opening balance		
Amount payable by employer		
Interest raised		
<b>Less</b>		
Payments received		
Settlement from employer surplus account		
Other ( <i>provide details</i> )		
<b>Total amount receivable</b>		
Disclosed as:		
Non-current portion		
Current portion		

This surplus improperly utilised is receivable from.....(*name of participating employer*) and arose on....(*specify period*) when...(e.g. *employer took a contribution holiday from <insert date> to <insert date>*). It is repayable... (*state the manner and/or period of payment*).

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**For the period ended ...**

**23    Amounts to be allocated**

	Current period R	Previous period R
Surplus to be apportioned		
Investment return to be allocated		
Other <i>(provide details)</i>		
<b>Total amounts to be allocated</b>		

*(Provide details of amounts not allocated to member individual accounts)*



## NAME OF RETIREMENT FUND

### SCHEDULE HB

#### REPORT OF THE VALUATOR (when the fund is not valuation exempt)

##### Particulars of financial condition of the fund

##### Statutory valuation as at <insert date>.

*Insert interim valuation if statutory valuation was not yet performed*

1. Net assets available for benefits are ..... <sup>(a)</sup>.
2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits.
3. The actuarial present value of promised retirement benefits <sup>(b)</sup>, split into vested <sup>(c)</sup> and non-vested benefits.
4. Contingency reserve account balances.
5. Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.
6. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.
7. Any other particulars deemed necessary by the valuator for the purposes of this summary.
8. A statement as to whether the fund was in a sound financial condition for the purposes of the Pension Funds Act.

Prepared by:

*<insert name of valuator*

**VALUATOR**

Fellow of the Faculty/Institute of Actuaries

In my capacity as the valuator of the fund and as an employee of <insert company name>

*<insert date>*

##### REMARKS

For the purposes of this summary of report:

- (a) Net assets available for benefits are the fair value of the assets of the fund less liabilities other than the actuarial present value of promised retirement benefits.
- (b) The actuarial present value of promised retirement benefits means:
  - i. The actuarial liabilities in respect of past service benefits (including accrued bonus service) of active members, with due allowance for future salary increases where these affect the benefits in respect of past service, and with due allowance for increases in pension and deferred pensions at rates consistent with the pension increase policy of the fund;
  - ii. The actuarial liabilities in respect of pensions in course of payment and deferred pensions, including any contingent annuity payable on the death of a pensioner, with due allowance for increases at rates consistent with the pension increase policy of the fund; and
  - iii. Any other accrued liability.
- (c) Vested benefits are benefits, the right to which, under the conditions of the fund, are not conditional upon continued employment.

## NAME OF RETIREMENT FUND

### SCHEDULE I

#### 1 REPORT OF THE INDEPENDENT AUDITORS OF FACTUAL FINDINGS TO THE REGISTRAR OF PENSION FUNDS

Insert the relevant report as indicated in the matrix:

Schedule	Category	Annexure
Schedule I 1	Large funds ( <i>ordinary*</i> )	2
Schedule I 2	Small funds( <i>ordinary*</i> )	3
Schedule I 3	Umbrella funds ( <i>Large and Small funds</i> )	4
Schedule I 4	Retirement Annuity and Preservation funds ( <i>Large and Small funds</i> )	5

#### 2 REPORT OF THE BOARD OF FUND TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 OF THE PENSION FUNDS ACT

Schedule	Category	Annexure
Schedule I 5	<p>Audit exempt funds</p> <ul style="list-style-type: none"><li>• The report is not an auditor report.</li><li>• The report is applicable to funds that are not subject to audit.</li><li>• The engagement is not in accordance with an International Auditing and Assurance Standards Board pronouncement, and does not need to be performed by a registered auditor.</li><li>• The report includes a list of procedures to be performed, agreed with the Registrar of Pension Funds, with findings reported thereon.</li><li>• The procedures may not be altered.</li><li>• The report to be signed by the chairperson of the fund and two members of the Board of Fund.</li><li>• The Board may delegate the performance of the procedures to another party, for example, by contractual arrangement, but will retain the responsibility for the report.</li></ul>	6

\* Ordinary – any fund other than an umbrella, Retirement Annuity or Preservation Fund

# NAME OF RETIREMENT FUND

## SCHEDULE IA – INVESTMENT SCHEDULE

At .....

### Investments<sup>1</sup>

		A	B	C	D	E	A+B+C+D+E V+W+X	V	W	X	W+X		Y	Z	V+W+X+Y+Z
	Notes <sup>2</sup>	Direct Investments	Non-compliant Collective investment schemes	Non-compliant Insurance policies	Derivative positions without residual risk	Compliant Investments	Total	Local	Foreign (excluding Africa)	Foreign Africa	Total Foreign	Total percentage	Derivative positions with residual risk	Reconciling items between Schedule IB and Schedule IA	TOTAL as per Regulation 28 (Schedule IB)
			Note M1	Note M2	Note G1	Note L							Note G2		
		R	R	R	R	R	R	R	R	R	R	%	R	R	R
Cash (including cash at bank)	A					-									
Commodities	B					-									
Housing Loans						-									
Debt instruments including Islamic debt Instruments	C					-									
Investment properties and owner occupied properties	D					-									
Equities	E					-									
Derivative Market instruments	G					-									-
Investments in participating employer(s)	H					-									
Other assets	I														
Hedge Funds	J					-									
Private Equity Funds	K					-									
Collective Investment Schemes		-	-	-											
Insurance Policies :		-	-	-											
- Linked Policies		-	-	-											
- Non-Linked Policies		-	-	-											
- Insurance Policies ito Reg 28(3)(c) <sup>3</sup>		-	-	-											
Entities regulated ito Reg 28(8)(b)(iv)		-	-	-											
Investments not disclosed /data not available for disclosure by entities	N					-									
<b>TOTAL INVESTMENTS</b>															4

Notes:

- <sup>1</sup> Schedule prepared on a look through basis except for private equity and hedge funds which shows the structure of the investment
- <sup>2</sup> Detailed disclosure is applicable on segregated/ direct investments
- <sup>3</sup> Assets which are subject to the grandfathering provision as set out in regulation 28(3)(c )
- <sup>4</sup> The total investments will be equal to Schedule IB item A

## NAME OF RETIREMENT FUND

### NOTES TO THE INVESTMENT SCHEDULE

At .....

#### A CASH

Instrument	Fair value
	R
<b>Local</b>	
<b>Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments</b>	
<b>Notes and coins, any balance or deposit in an account held with a South African bank</b> List issuers/entities which exceeds 5% of total assets	
<b>A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument</b> List issuers/entities which exceeds 5% of total assets	
<b>Any positive net balance in a margin account with an exchange</b> List issuers/entities which exceeds 5% of total assets	
<b>Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets</b> List issuers/entities which exceeds 5% of total assets	
<b>Foreign</b>	
<b>Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments</b>	
<b>Any balance or deposit held with a foreign bank</b> List issuers/entities which exceeds 5% of total assets	
<b>Any balance or deposit held with an African bank</b> List issuers/entities which exceeds 5% of total assets	
<b>A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument</b> List issuers/entities which exceeds 5% of total assets	
<b>Total Cash</b>	

#### B COMMODITIES

Instrument	Local or foreign	Holding number	% Holding	Fair value R
<b>Gold (including Kruger Rands)</b> List issuers/entities which exceeds 5% of total assets				
<b>Other (provide details)</b>				
<b>Total Commodities</b>				

Full details of buy-back transactions in respect of Kruger Rands must be furnished.

**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**  
**At .....**

**C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS**

Instrument	Local or Foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R	Fair value R
<b>Government debt:</b> Debt instruments issued by an loans to the government of the Republic and any debt or loan guaranteed by the Republic List issuers/entities which exceeds 5% of total assets					
<b>Debt instruments issued or guaranteed by the government of a foreign country:</b>  List issuers/entities which exceeds 5% of total assets					
<b>Bank debt :</b> Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-					
<b>Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed</b> List issuers/entities which exceeds 5% of total assets					
<b>Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed</b> - List issuers/entities which exceeds 5% of total assets					
<b>Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed</b> - List issuers/entities which exceeds 5% of total assets					
<b>Not listed on an exchange</b> (provide details)					

**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**

At .....

**C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS (continued)**

Instrument	Local or Foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R	Fair value R
<b>Public debt:</b> Debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed:-					
Airports Company of South Africa Limited					
Development Bank of South Africa					
ESKOM					
Industrial Development Corporation of South Africa					
Land and Agricultural Development Bank of South Africa					
Trans – Caledon Tunnel Authority					
Transnet Limited					
The South African National Roads Agency Limited					
Rand Water					
Umgeni Water					
<b>Corporate debt (excluding debentures):</b> Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
<b>Listed on an exchange</b> List issuers/entities which exceeds 5% of total assets					
<b>Not listed on an exchange</b> (provide details)					
<b>Debentures:</b>					
<b>Listed on an exchange</b> List issuers/entities which exceeds 5% of total assets					
<b>Not listed on an exchange</b> (provide details)					
<b>Other</b>					
<b>Listed on an exchange:</b> List issuers/entities which exceeds 5% of total assets					
<b>Not listed on an exchange</b> (provide details)					
<b>TOTAL DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS</b>					

NAME OF RETIREMENT FUND

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At .....

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

Instrument	Local/ Foreign	Fair value R
<b>Owner occupied properties</b> - List issuers/entities which exceeds 5% of total assets		
<b>Investment properties</b> - List issuers/entities which exceeds 5% of total assets		
<b>TOTAL</b>		

Instrument	Local/ Foreign	Issued shares	Holding number	Ordinary/ Preference shares	% Holding	Fair value R
<b>Shares and linked units in property companies, or units in a collective investment scheme in property, <u>listed</u> on an exchange:</b>  <b>Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed</b> List issuers/entities which exceeds 5% of total assets  <b>Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed</b> List issuers/entities which exceeds 5% of total assets  <b>Issuer market capitalisation of less than R3 billion, or an amount or conditions as prescribed</b> List issuers/entities which exceeds 5% of total assets						
<b>Shares in property companies and linked units in property companies, <u>not listed</u> on an exchange:</b>  Provide details						
<b>TOTAL</b>						

Instrument	Local/ Foreign	Secured by	Interest rate			Fair value R
<b>Participating mortgage bonds-</b> List issuers/entities which exceeds 5% of total assets						
<b>TOTAL</b>						

						Fair value R
<b>TOTAL OF INVESTMENT AND OWNER OCCUPIED PROPERTY</b>						

Note: Valuation method and date of valuation

NAME OF RETIREMENT FUND

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At .....

E EQUITIES

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number	Holding in issuer/ entity  %	Fair value  R
<b>Listed equities</b>  <b>Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed</b> List issuers/entities which exceeds 5% of total assets  <b>Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed</b> List issuers/entities which exceeds 5% of total assets  <b>Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed</b> List issuers/entities which exceeds 5% of total assets						
<b>Unlisted equities</b>  (provide details)						
<b>TOTAL EQUITIES</b>						



**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**

At .....

**F SECURITIES LENDING**

Securities on lend	Maximum of Fair value of security	Transaction date	Collateral	Fair value R	No. of shares lent	Name of counter party	Scrip custodian	Manufactured dividend R
Equities – Top 100 of companies (by market cap) listed on an exchange	75%							
Other listed equities ( <i>provide details</i> )	50%							
Debt – Government bonds	75%							
Other listed debt instruments ( <i>provide details</i> )	50%							
Money Market Instruments issued by a South African bank, including an Islamic liquidity	75%							
TOTAL								

**Included in the value above are the following scrip lending transactions:**

*List and describe your scrip lending mandates*

Name of lender	Description	% of total assets	Value of transaction R
----------------	-------------	-------------------	---------------------------

Total

=====

**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**

At .....

**G DIRECT DERIVATIVE MARKET INSTRUMENTS**

**G1 DERIVATIVE POSITIONS WITHOUT RESIDUAL RISK**

Instrument Notes 1,2 & 3	Local or Foreign	Listed or Unlisted	Strike price	Cost or Premium	Fair value	Effective Economic Exposure		Potential Loss	Potential Gain	Exchange rate	Fixed rate or Variable rate	Counter- party	Counter- party %	Expiry date	Holding number	Holding %
						Gross	Nett									
Options e.g. put or call							-									
Futures/ Forwards/ SAFEX							-									
Currency swaps							-									
Interest rate swaps							-									
Forward rate agreements							-									
Equity linked instruments							-									
Other (Provide details)							-									
<b>TOTAL</b>							-									

**Notes:**

1. Describe valuation methodology of instruments
2. Explain changes in assumptions (if any changes from previous period)
3. List all non-compliance(s) with the Notices

**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**

At .....

**G2 DERIVATIVE POSITIONS WITH RESIDUAL RISK**

Instrument Notes 1,2 & 3	Local or Foreign	Listed or Unlisted	Strike price	Cost or Premium	Fair value	Effective Economic Exposure		Potential Loss	Potential Gain	Exchange rate	Fixed rate or Variable rate	Counter party	Counter party %	Expiry date	Holding number	Holding %	Residual risk
						Gross	Nett										
Options e.g. put or call																	
Futures/ Forwards/ SAFEX																	
Currency swaps																	
Interest rate swaps																	
Forward rate agreements																	
Equity linked instruments																	
Other (provide details)																	
<b>TOTAL</b>																	

**Note:**

1. Describe valuation methodology of instruments
2. Explain changes in assumptions (if any changes from previous period)
3. List all non-compliance(s) with the Notices

**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**

At .....

**H Investments in participating employer/s**

Instrument <sup>Note 1</sup>	Local or Foreign	Holding number	% Holding	Interest rate	Secured by	Listed/not listed	Issued/ Guaranteed	Fair value R
Cash								
Commodities								
Housing Loans								
Debt instruments								
<b>SUBTOTAL</b>								

Instrument	Local or Foreign	Address	Valuation method	Date of last valuation	Pledged as a guarantee			Fair value R
Investment properties and owner occupied properties								
<b>SUBTOTAL</b>								

Instrument	Local or Foreign	Issued shares	Holding number	Ordinary/preference shares	% holding	Listed/not listed		Fair value R
Equities								
Hedge funds								
Private equity								
Other (provide detail)								
<b>SUBTOTAL</b>								
<b>TOTAL FOR INVESTMENT IN PARTICIPATING EMPLOYERS</b>								

**Note 1:**

List issuers/entities which exceeds 5% of total assets

**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**

At .....

**I OTHER ASSETS**

Instrument	Local or foreign	Holding number	% Holding	Fair value R
(provide details)				
<b>Total other portfolio assets</b>				

**J HEDGE FUNDS**

Instrument	Local or Foreign	Structure	% Holding	Leverage/ Gearing	Term of contract	Period into contract	Total value of commitment R	Current value of commitment R
<b>Hedge Funds (Provide details)</b>								
<b>Funds of Hedge Funds (Provide details)</b>								
<b>Total Hedge funds commitment</b>								

The Hedge fund structure will be classified as:

Partnerships

Trusts

- Other - Section 5(2)(e)

List all non-compliance(s) with the applicable Notices

**NAME OF RETIREMENT FUND**

**NOTES TO THE INVESTMENT SCHEDULE - CONTINUED**

At .....

**K PRIVATE EQUITY FUNDS**

Instrument	Local or Foreign	Structure	Category 2 approval	FAIS approval number	% Holding	Term of contract	Number of permitted drawdowns as per contract	Number of permitted drawdowns exercised	Number of drawdowns exceeded (if any)	Total value of commitment  R	Current value of commitment  R
Private Equity Fund (Provide details)											
Funds of Private Equity Fund (Provide details)											
<b>Total Private Equity funds commitment</b>											

The Private Equity funds structure will be classified as:

- Partnerships
- Trusts
- Other - Section 5(2)(e)

List all non-compliance(s) with the applicable Notices

## NAME OF RETIREMENT FUND

### NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At .....

#### L CERTIFIED REGULATION 28 COMPLIANT INVESTMENTS

Instrument	Local or Foreign	Fair value R
<b>Collective Investment Schemes – regulation 28(8)(b)(i)</b>		
<b>Linked policies – regulation 28(8)(b)(ii)</b>		
<b>Non Linked policies – regulation 28(8)(b)(iii)</b>		
<b>Regulated entities – regulation 28(8)(b)(iv)</b>		
<b>Total certified Regulation 28 compliant investments</b>		

Note 1:

List issuers/entities which exceeds 5% of total assets

#### M REGULATION 28 NON COMPLIANT INVESTMENTS

##### M1 Non-compliant Collective investment schemes

Instrument	Local or Foreign	% Holding	Fair value R
<b>Collective Investment Schemes</b> (provide details)			
<b>Total Non-compliant Collective investment schemes</b>			

##### M2 Non-compliant Insurance policies

Instrument	Local or Foreign	% Holding	Fair value R
<b>Linked Policies</b> (provide details)			
<b>Non-linked policies</b> (provide details)			
<b>Total Non-compliant Insurance policies</b>			

List all non-compliance(s) with the Notices

#### N Investments not disclosed /data not available for disclosure by entities

Investment manager/CIS/ Insurer responsible for not providing information on investment(s)/portfolio	Fair Value R	Reasons
Provide details		-Previous period compliant portfolio -Previous period non-compliant portfolio -Foreign portfolio - Other

- Investments included in this line should not relate to any of the other specifically identifiable categories in Schedule IB;
- Investments included in this line should not relate to those under the 5% rule to which look-through need not apply;
- Investments included in the line should be done so on a last resort basis and all reasonable attempts should be made to obtain the required information and or data

# NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At .....

## O ENTITY/ COUNTERPARTY EXPOSURE

Credit / counter party risk

Counter party	Direct investment in counter party  R	Deposit/liquid asset with counter party  R	Securities lending transactions  R	Open financial instruments mark to market value R	Guarantees  R	Any other instrument  R	Total per Counter Party  R	Ex cou as a fair v ass
<b>Banks</b>								
- List per bank								
<b>Asset managers – local</b>								
- List per asset manager								
<b>Asset managers – foreign</b>								
- List per asset manager								
<b>Insurance Companies</b>								
- list per insurance company								
<b>Participating employers</b>								
- List per participating employer*								
<b>Other</b>								
- List								

- Investment value must be the value determined according to the regulatory reporting requirements for retirement funds.
- Including investments in participating employer, arrear contributions, amounts due to the fund in terms of section 18 and any amounts utilised improperly.



## NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At .....

Market risk

### EQUITY HOLDINGS

List the 10 largest rand-value equity holdings

Investment	Fair value at end of period  R	Open financial instruments marked to market value R	Total fair value equity holdings and open instruments R	Market movement by 5%
<hr/>				
Total value of 10 largest equity holdings				<hr/>
Total movement as % of non-current assets plus bank				<hr/>

### OTHER FINANCIAL INSTRUMENTS

List the 10 largest rand-values other financial instruments

Instrument	Holding	Fair value at end of period R	Market movement by 5% R
<hr/>			
Total value of 10 largest other instruments			<hr/>
Total movement as % of non-current assets plus bank			<hr/>

### Foreign currency exposure

Foreign instruments	Description	Fair value at end of period R	Market movement by 5%  R
<hr/>			
List instruments here			
Total value of foreign instruments			<hr/>
Total movement as % of non-current assets plus bank			<hr/>

### Hedging portfolio

Hedged item per category	Hedging instrument	Marked to market profit/loss R	Disclosure
<hr/>			
		<hr/>	
		<hr/>	

# NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At .....

## P RECONCILIATION BETWEEN THE INVESTMENTS IN SCHEDULE H2 AND SCHEDULE IA

	Fair value current period (as per Schedule H2.1)	Amortised cost current period	Cash at bank	Property split (Schedule IAD)	Non-compliant CIS	Non-compliant Insurance Policies	Compliant investments	Derivatives with residual risk	Investments no information (Schedule IAN)	Other <small>Note 1</small>	Total
Cash											
Commodities											
Housing Loans	-										
Debt instruments including Islamic debt instruments											
Investment properties and owner occupied properties											
Equities											
Investments in participating employers											
Hedge Funds											
Private Equity Funds											
Derivative market instruments											
Collective Investment Schemes											
Insurance Policies											
Entities regulated ito Reg 28(8)(b)(iv)	-										
Investments not disclosed /data not available for disclosure by entities	-										
Other assets											
<b>TOTAL INVESTMENTS</b>											

Note 1: Amounts may only be included in this column where such asset(s) are not accommodated in any of the column and proper disclosure must be in this note to disclose the nature of the asset(s):

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**SCHEDULE IB**  
**ASSETS HELD IN COMPLIANCE WITH REGULATION 28**  
As at...

		Fair value R
<b>A</b>	<b>Total assets (Schedule IA -Total investments)</b>	
<b>B1</b>	<b>Less:</b> Reg 28 compliant investments (certificate received from issuing entity):-	
	<b>B.1.1</b> Collective Investment Schemes (Reg 28(8)(b)(i))	
	<b>B.1.2</b> Linked Policies (Reg 28(8)(b)(ii))	
	<b>B.1.3</b> Non-Linked policies (Reg 28(8)(b)(iii))	
	<b>B.1.4</b> Entity regulated by FSB (Reg 28(8)(b)(iv))	
<b>B2</b>	<b>Less:</b> Reg 28 Excluded investments	
	<b>B.2.1</b> Insurance Policies ( Reg 28(3)(c))	
<b>C</b>	Less: Investments not disclosed /data not available for disclosure <b>[Refer Schedule IAN]</b>	
<b>D</b>	<b>TOTAL ASSETS for REGULATION 28 DISCLOSURE</b>	

			R	%
1	<b>CASH</b>	100%		
1.1	<b>Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments</b>	100%		
(a)	Notes and coins, any balance or deposit in an account held with a South African bank -per issuer/entity	25%		
(b)	A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument -per issuer/entity	25%		
(c)	Any positive net balance in a margin account with an exchange -per issuer/entity	25%		
(d)	Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets -per issuer/entity	25%		

1.2	<b>Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments</b>	SARB maximum limits		
(a)	Any balance or deposit held with a foreign bank -per issuer/entity	5%		
(b)	Any balance or deposit held with an African bank -per issuer/entity	5%		
(c)	A money market instrument issued by a foreign bank including an Islamic liquidity management financial instrument -per issuer/entity	5%		
2	<b>DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS</b>	100% issued/ guarantee by Republic otherwise 75%		
2.1	<b>Inside the Republic</b>	75/100%		
(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	100%		
(b)	Debt instruments issued or guaranteed by the government of a foreign country -per issuer	75% 10%		
(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	75%		
(c)(i)	Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed -per issuer	75% 25%		
(c)(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed -per issuer	75% 15%		
(c)(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed -per issuer	75% 10%		
(c)(iv)	Not listed on an exchange - per issuer	25% 5%		
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange, or debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed:-	50%		
(d)(i)	Listed on an exchange -per issuer	50% 10%		
(d)(ii)	Not listed on an exchange	25%		



3	<b>EQUITIES</b>	75%
3.1	Inside the Republic	75%
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	75%
(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed -per issuer	75%
		15%
(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed -per issuer	75%
		10%
(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed -per issuer	75%
		5%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange -per issuer	10%
		2.5%
3.2	Foreign	SARB maximum limits
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-	SARB maximum limits
(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed -per issuer	SARB maximum limits
		15%
(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed -per issuer	SARB maximum limits
		10%
(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed -per issuer	SARB maximum limits
		5%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange -per issuer	10%
		2.5%
4	<b>IMMOVABLE PROPERTY</b>	25%
4.1	Inside the Republic	25%
(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%
(a)(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%

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6	<b>INVESTMENTS IN THE BUSINESS OF A PARTICIPATING EMPLOYER INSIDE THE REPUBLIC IN TERMS OF:-</b>			
(a)	Section 19(4) of the Pension Funds Act	5%		
(b)	To the extent it has been allowed by an exemption in terms of section 19(4A) of the Pension Funds Act	10%		
7	<b>HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)</b>	95%		
8	<b>HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE</b>	15%		
8.1	Inside the Republic	15%		
(a)	Hedge fund	10%		
(a)(i)	Funds of hedge funds - per issuer	10% 5%		
(a)(ii)	Hedge funds - per issuer	10% 2.5%		
(b)	Private equity funds	10%		
(b)(i)	Funds of private equity funds - per issuer	10% 5%		
(b)(ii)	Private equity funds - per issuer	10% 2.5%		
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%		
8.2	Foreign	15%		
(a)	Hedge fund	10%		
(a)(i)	Funds of hedge funds - per issuer	10% 5%		
(a)(ii)	Hedge funds - per issuer	10% 2.5%		
(b)	Private equity funds	10%		
(b)(i)	Funds of private equity funds - per issuer	10% 5%		
(b)(ii)	Private equity funds - per issuer	10% 2.5%		
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2.5%		
<b>TOTAL ASSETS – REGULATION 28 (D above)</b>				



**SCHEDULE IB – CONTINUED**  
**ASSETS HELD IN COMPLIANCE WITH REGULATION 28**

As at.....

**INVESTMENT SUMMARY (REGULATION 28)**

	Local	Percentage of Fair value	Foreign (Excluding Africa)	Percentage of Fair value	Africa	Percentage of Fair value	Total
	R	%	R	%	R	%	R
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments							
2 Debt instruments including Islamic debt instruments							
3 Equities							
4 Immovable property							
5 Commodities							
6 Investment in the business of a participating employer							
7 Housing loans granted to members - section 19(5)							
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule							
9 Fair value of assets to be excluded in terms of sub-regulations 3(c) and (8)(b) of Regulation 28							
10 Investments not disclosed/data not available for disclosure							
<b>TOTAL (equal to the fair value of assets)</b>							

**Note:** Maximum Foreign limits and disclosure in terms of South African Reserve Bank requirements

## BREACHES IN TERMS OF SUB REGULATION 3 OF REGULATION 28

As at .....

	Total (Inside & Foreign)	Percentage of Fair value	Regulation 28 limits
	R	%	
<b>Asset Limits in terms of sub regulation 3(f)</b>			
Other debt instruments not listed		--	
Equities not listed		--	
Immovable properties not listed		--	
Hedge funds , Private Equity funds and other assets		--	
<b>TOTAL</b>			35
<b>Asset Limits in terms of sub regulation 3(g)</b>			
Equities not listed		--	
Private Equity funds		--	
<b>TOTAL</b>			15
<b>Asset Limits in terms of sub-regulation 3(h)</b>			
Cash and deposits with a South African Bank		--	
Debt instruments guaranteed by a South African Bank		--	
<b>TOTAL</b>			25

### NOTES:

- Credit balance in current accounts must be included in item 1.
- If the investments exceed the limit per institution/company/individual and no exemption has been obtained, the details below must be completed for each institution/company/individual in each category of assts.

Investments in institution/company/individual	Item	% of Fair Value	Fair Value ( R )
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

- EXEMPTIONS GRANTED BY THE REGISTRAR

Item	Max %	Date of letter	Expiry Date
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

**SCHEDULE IB – INDEPENDENT AUDITOR’S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28 TO THE BOARD OF FUND**

**Insert the relevant report as indicated in the matrix:**

<b>Schedule</b>	<b>Category</b>	<b>Annexure</b>
IB 1	<b>Large funds</b> ( <i>ordinary*</i> , <i>umbrella</i> , <i>retirement annuity and preservation funds</i> )	<b>7</b>

\* Ordinary – any fund other than an umbrella, Retirement Annuity or Preservation Fund

**SCHEDULE D 1 – Large funds** (*ordinary, umbrella, retirement annuity and preservation funds*)**SCHEDULE D****INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF THE [NAME OF FUND]****Report on the Financial Statements<sup>1</sup>**

We have audited the annual financial statements of the [name of fund] (the "Fund") set out on pages [xx] to [xx], which comprise the statement of net assets and funds as at [insert date], the statement of changes in net assets and funds for the [period/year then ended], and the notes to the financial statements which include the principal accounting policies and other explanatory information. The financial statements are prepared for the purpose of reporting to the Registrar of Pension Funds.

*Board of Fund's Responsibility for the Financial Statements*

The Board of Fund is responsible for the preparation of these financial statements in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. The Board of Fund is also responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa and for such internal control as the Board of Fund determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the annual financial statements of the [name of fund] for the [period/year ended] have been prepared, in all material respects, in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

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<sup>1</sup> The sub-title "Report on the Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

### *Financial Reporting Framework*

Without modifying our opinion, we draw attention to the principal accounting policies in which the applicable financial reporting framework is identified, as prescribed by the Registrar. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

### *Other Matters<sup>2</sup>*

The supplementary information contained in Schedule IA as set out on pages [xx] to [xx] to these annual financial statements, has been extracted from the Fund's underlying accounting records that were the subject of our engagement. We have compared the totals reflected in Schedule IA to the totals reflected in the underlying Fund's accounting records to determine whether such totals have been correctly extracted. However, we have not performed any additional procedures to substantiate the disclosures of the individual totals included in Schedule IA. We do not express an audit opinion on this schedule.

### **Report on Other Legal and Regulatory Requirements<sup>3</sup>**

The Statement of Responsibility by the Board of Fund describes instances of non-compliance with laws and regulations, including those that determine the reported amounts and disclosures in the financial statements that have come to the attention of the Board of Fund and the corrective action taken by the Board of Fund. There are no additional instances of non-compliance with laws and regulations that came to our attention during the course of our audit of the financial statements.<sup>4</sup>

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified certain unlawful acts or omissions committed by persons responsible for the management of [name of fund] which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note [xx] to the Report of the Board of Fund.<sup>5</sup>

### *Auditor's Signature*

Name of individual registered auditor  
Registered Auditor  
Date of auditor's report  
Auditor's address

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<sup>2</sup> An auditor may consider it necessary to communicate matters other than those that are presented or disclosed in the financial statements that, in the auditor's judgement, are relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report. If not prohibited by law or regulation, the auditor shall disclose such matters in a paragraph in the auditor's report, with the heading "Other Matters". The auditor shall include this paragraph immediately after the Financial Reporting Framework paragraph or elsewhere in the auditor's report if the content of the Other Matters paragraph is relevant to the other reporting responsibilities (ISA 706 *Emphasis of Matter Paragraphs and Other Matter Paragraphs in the Independent Auditor's Report* paragraph 8).

<sup>3</sup> At the request of the Registrar of Pension Funds, instances of non-compliance with laws and regulations for which the Board of Fund is responsible should be reported in a note in the Statement of Responsibility by the Board of Fund. The auditor is required to report these matters under the heading "Report on Other Legal and Regulatory Requirements". These matters do not form part of the "Report on the Financial Statements".

<sup>4</sup> Or "The following additional instances of non-compliance that came to our attention during the course of our audit of the financial statements are detailed below" and include details.

<sup>5</sup> If there are no instances of reportable irregularities, this paragraph should be omitted.

<b>SCHEDULE I 1 – Large funds (<i>Ordinary</i>)</b>
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**SCHEDULE I****REPORT OF THE INDEPENDENT AUDITOR OF [NAME OF FUND] OF FACTUAL FINDINGS TO THE BOARD OF FUND AND THE REGISTRAR OF PENSION FUNDS**

We have performed the procedures agreed with the Registrar of Pension Funds (the “Registrar”) and set out below with respect to the audited financial statements (“annual financial statements”)<sup>1</sup> and other information in the general ledger and management information comprising the accounting records of the [name of fund] (the “Fund”) for the [period/year] ended [insert period/year-end]. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

**Procedures and findings**

Our procedures performed are set out in the numbered paragraphs (not bold) in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the [period/year] ended [insert period/year-end].

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB’s International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

**Restriction on use and distribution**

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.

*Auditor’s Signature*

Name of individual registered auditor

Registered Auditor

Date of auditor’s report

Auditor’s address

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<sup>1</sup> As submitted by the administrator/fund to the Registrar of Pension Funds.

## Procedures and Findings

	Procedures	Findings
	<b>Statement of Net Assets and Funds</b>	
<b>1</b>	<b>Investments</b>	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at [insert period/year-end date] for any investments in accordance with the terms of section 19(4) of the Act.	
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers/insurers were [agreed/not agreed] to the investment balances reflected in the general ledger. <b>[Provide details of exceptions]</b>
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	The Fund [had/did not have] the appropriate approval of the Registrar (or not applicable – either where such investments are not held, or where the holding did not exceed 5% of the total assets as reflected in the financial statements). <b>[Provide details of exceptions]</b>
1.2	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrator(s), and perform the following procedures on a sample of 10 mandates (comprising the 3 largest by value of investments at year end and 7 other randomly selected mandates):	
1.2.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	The underlying investments [were/were not] in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate. <b>[Provide details of exceptions]</b>
1.2.2	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.	The investment mandate and the investment policy statement [did/did not] provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed. <b>[Provide details of exceptions]</b>
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.	The collateral and counterparty requirements as prescribed [were/were not] complied with. <b>[Provide details of exceptions]</b>
1.2.4	For segregated portfolios, confirm directly with the investment administrator(s): (a) whether scrip lending took place during the [period/year] and, if so, (b) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so, (c) the percentage exposure covered by the collateral. Report on the amount for a).	The direct confirmations received from the investment administrator(s) indicated that: (a) scrip lending [took/did not take] place during the [period/year]. Scrip lending amounted to [Rxx] as at [insert period/year-end date], and (b) collateral [was/was not] provided by the counterparty/(ies) for any scrip lending activities; and (c) collateral provided covered [xx%] of the exposure. <b>[Provide details of exceptions]</b>
<b>2</b>	<b>Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)</b>	

	Procedures	Findings
2.1	Obtain a list of member individual accounts as reflected on the Statement of Net Assets and Funds as at [insert period/year-end date].	
2.2	Select a random sample of the lesser of 25 or 10% of the number of members from the list of members and perform the following procedures:	
2.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the [period/year] under review).	The member and employer contributions received and allocated for the members selected as reflected on the administrator's system [agreed/did not agree] to information supplied by the participating employers for the three months selected. <b>[Provide details of months selected and exceptions]</b>
2.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator's system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the [period/year] under review).	The member and employer contribution rates for the members selected as reflected on the administrator's system [agreed/did not agree] to the rules of the Fund for the three months selected. <b>[Provide details of months selected and exceptions]</b>
2.2.3	In respect of unitised investment products, for the three months selected in 2.2.1 and 2.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	The conversion of contributions into units [was/was not] calculated correctly and [agreed/did not agree] to the units on the administration system. The units [were/were not] added to the existing units for that member. <b>[Provide details of exceptions]</b>
2.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the [period/year], at the [period/year-end] unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	The conversion of the units [was/was not] calculated correctly and [agreed/did not agree] to the amount recorded in each member's record on the member register. <b>[Provide details of exceptions]</b>
2.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the [period/year-end] to the unit prices on the administration system used to calculate each member's credits at [period/year-end].	The unit price(s) [agreed/did not agree] to the unit prices on the administration system at [insert period/year-end date]. <b>[Provide details of exceptions]</b>
2.2.6	In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the [period/year] under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.	The interim and/or final return allocated to each individual member's account in the administrator's records [agreed/did not agree] to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator. <b>[Provide details of exceptions]</b>
2.3	Obtain a list of members who switched investment portfolios during the [period/year] from the Fund/administrator, select a random sample of the lesser of 25 or 10% of members who switched between investment portfolios during the [period/year], and perform the following procedures:	



	Procedures	Findings
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	The portfolios [were/were not] switched in accordance with notification of the member's instruction/investment strategy (including life stage models) of the Fund and [were/were not] switched within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund. <b>[Provide details of exceptions]</b>
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Fees deducted [were/were not] approved by the Board of Fund and [were/were not] agreed to authorised supporting documentation by the Board of Fund. <b>[Provide details of exceptions]</b>
2.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:	
2.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	The investments per product [agreed/did not agree] to the investment certificates in total. <b>[Provide details of exceptions]</b>
2.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	The member individual accounts on the ALM reconciliation per investment portfolio [agreed/did not agree] to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds. <b>[Provide details of exceptions]</b>
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Registrar.	The total mismatch for all portfolios [was/was not] within the range as prescribed by the Registrar. <b>[Provide details of exceptions]</b>
<b>3</b>	<b>Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)</b>	
3.1	Select a sample of the lesser of 25 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	
3.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the [period/year] under review).	The member contributions received and allocated for the members selected as reflected on the administrator's system [agreed/did not agree] to information supplied by the participating employers for the three months selected. <b>[Provide details of months selected and exceptions]</b>
<b>4</b>	<b>Surplus apportionment scheme</b>	
4.1	If a surplus apportionment scheme was approved by the Registrar in the current [period/year] or if allocation and/or payments to members were made during the [period/year], perform the following procedures:	

	Procedures	Findings
4.1.1	<u>Active members:</u> Select a random sample of the lesser of 25 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	
4.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>
4.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>
4.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 25 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	
4.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member and/or pensioner [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>
4.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>
4.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	The total amount calculated in 4.1.2.1 and 4.1.2.2 [agreed/did not agree] to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation. <b>[Provide details of exceptions]</b>
<b>5</b>	<b>Member and employer surplus accounts</b>	
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the annual financial statements, and perform the following procedure:	
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	The transactions [were/were not] made in terms of the registered rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b>
<b>6</b>	<b>Reserves</b>	
6.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	

	<b>Procedures</b>	<b>Findings</b>
6.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve and other accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation [were/were not] in accordance with the registered rules of the Fund. <b>[Provide details of exceptions]</b>
6.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves as disclosed in the annual financial statements [were/were not] permitted in terms of the registered rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b>
<b>7</b>	<b>Other assets, liabilities and guarantees</b>	
7.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at [insert period/year-end date], and perform the following procedure:	
7.1.1	Agree the total housing loans on the above list to the corresponding account in the annual financial statements.	The total housing loans on the list [agreed/did not agree] to the corresponding account in the annual financial statements. <b>[Provide details of exceptions]</b>
7.2	From the list in 7.1, randomly select a sample of the lesser of 25 or 10% of the number of members' housing loans granted and perform the following procedures:	
7.2.1	Inspect evidence that the value of the housing loan provided does not exceed the amount permitted by the rules and the home loan agreement.	The value of the housing loan provided [exceeded/did not exceed] the amount permitted by the rules and the home loan agreement. <b>[Provide details of exceptions]</b>
7.2.2	Inspect evidence that the housing loan has been granted in terms of Section 19(5) (a).	The housing loan [had/had not] been granted in terms of Section 19(5) (a). <b>[Provide details of exceptions]</b>
7.2.3	Inspect evidence that repayments are being made in accordance with the housing loan agreement.	Repayments [were/were not] made against the housing loan and [were/were not] made in accordance with the housing loan agreement. <b>[Provide details of exceptions]</b>
7.2.4	Inspect the interest charged on the outstanding housing loan and compare the rate used to the prescribed rate.	The interest rate [agreed/did not agree] to the prescribed rate. <b>[Provide details of exceptions]</b>
7.2.5	If the Fund issued more than 100 housing loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	The Fund [was/was not] registered as a credit provider under the NCA. <b>[Provide details of exceptions]</b>
7.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 25 or 10% of the number of housing loan guarantees and perform the following procedures:	

	Procedures	Findings
7.3.1	For the sample selected, determine that each selected housing loan guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the [period/year] end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Each selected housing loan guarantee [did not/did] exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and/or the rules of the Fund. <b>[Provide details of exceptions]</b>
7.3.2	Inspect evidence that the housing loan guarantee has been granted in terms of Section 19(5) (a).	The housing loan guarantee [had/had not] been granted in terms of Section 19(5) (a). <b>[Provide details of exceptions]</b>
7.4	Obtain a list of other loans per the general ledger of the Fund as at [insert period/year-end date] and perform the following procedure:	
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Loans [were/were not] granted and/or investments [were/were not] made as prohibited in terms of section 19(5) B. <b>[Provide details of exceptions]</b>
	<b>Statement of Changes in Net Assets and Funds</b>	
<b>8</b>	<b>Contributions</b>	
8.1	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:	
8.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	The contributions received by or on behalf of the Fund [agreed/did not agree] to the remittance advice from the participating employer/pay-point. <b>[Provide details of months selected and exceptions]</b>
8.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	Contributions [were/were not] deposited with a registered bank in accordance with section 13A of the Act and late payment interest [had/had not] been raised in terms of regulation 33, where applicable. <b>[Provide details of exceptions]</b>
8.2	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at [period/year-end] from a list supplied by the Fund/administrator and perform the following procedure:	
8.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at [period/year-end] have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	Amounts disclosed as arrear contributions at [period/year-end] [have/have not] been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where amounts were received after the prescribed period: [List amounts and dates of receipt] Where amounts were not received: [List amounts]
<b>9</b>	<b>Benefits</b>	

	Procedures	Findings
9.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list [agreed/did not agree] to the respective general ledger benefit expense accounts reconciliation. <b>[Provide details of exceptions and/or unexplained reconciling items]</b>
9.2	Select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
9.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid [agreed/did not agree] to the administration system and authorised supporting documentation in accordance with the procedures of the Fund. <b>[Provide details of exceptions]</b>
9.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	The recovery from the insurer [was/was not] received/accrued by the Fund. <b>[Provide details of exceptions]</b>
9.2.3	<u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u> Inspect that the calculation of the benefit payment was done by the actuary in accordance with the requirements of the rules of the Fund and/or the Act. <u>For a defined contribution fund</u> Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.	<u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u> The calculation of the benefit payment by the actuary [was/was not] done in agreement with the requirements of the rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b> <u>For a defined contribution fund</u> The opening fund credit for the member [agreed/did not agree] to the opening fund credit report and contributions [were/were not] added every month until the date of exit. The balance paid out to the member (inclusive of late payment interest where applicable) [agreed/did not agree] to the fund credit report or administration system as at the date of exit. <b>[Provide details of exceptions]</b>
9.3	Obtain a list of all benefits not yet paid at [period/year-end], select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedure:	
9.3.1	Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the Rules are classified as unclaimed benefits.	The benefits that were older than the period as set out in the Act or a shorter period defined by the Rules [were/were not] classified as unclaimed benefits. <b>[Provide details of exceptions]</b>
<b>10</b>	<b>Transfers</b>	
10.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	The list of total section 14 transfers to and from the Fund [agreed/did not agree] to the corresponding account in the general ledger. <b>[Provide details of exceptions]</b>

	Procedures	Findings
10.2	From the list of section 14 transfers paid/received and accrued to and from the Fund throughout the [period/year] select a sample of the lesser of 25 or 10% of the number of transfers in and the lesser of 25 or 10% of the number of transfers out, and perform the following procedures:	
10.2.1	Agree the sample of section 14 transfers to and from the Fund to: a) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or b) the section 14(8) documentation as prescribed.	The sample of section 14 transfers to and from the Fund [agreed/did not agree] to: a) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or b) the section 14(8) documentation as prescribed. <b>[Provide details of exceptions]</b>
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	The transfers to and from the Fund [were/were not] received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and growth and investment return [was/was not] allocated from the effective date of transfer to the date of final settlement. <b>[Provide details of exceptions]</b>
10.2.3	In respect of unitised funds, select a sample of the lesser of 25 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>
10.3	<b>Individual transfers</b> Obtain the list of individual transfers throughout the [period/year] ended [insert period/year-end date], select a sample of the lesser of 25 or 10% of the number of individual transfers, and perform the following procedures:	
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers [agreed/did not agree] to the approved recognition of transfer documentation. <b>[Provide details of exceptions]</b>
10.3.2	<b>For individual transfers in selected</b> In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>
<b>11</b>	<b>Pensioners paid</b>	
11.1	Obtain a copy of the list of pensioners and amounts paid for the [period/year] from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	

	Procedures	Findings
11.1.1	Agree the total pensions paid for the [period/year] ended [insert period/year-end date] to the corresponding account reconciliation to the general ledger balance.	The total pensions paid [agreed/did not agree] to the corresponding account reconciliation to the general ledger balance for the [period/year] ended [insert period/year-end date]]. <b>[Provide details of exceptions and / or unexplained reconciling items]</b>
11.2	Select a sample of the lesser of 25 or 10 % of the number of pensioners paid directly from the fund from the above list and perform the following procedures:	
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	The pensioner increases [were/were not] authorised by the Board of Fund. <b>[Provide details of exceptions]</b>
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the pensioners selected [existed/did not exist]. <b>[Provide details of exceptions]</b>
11.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	The closing market value of the annuity [agreed/did not agree] to the annual financial statements. <b>[Provide details of exceptions]</b>
11.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	The pensioner payment per the confirmation from the insurer [agreed/did not agree] to the pensions paid disclosed in the notes to the annual financial statements. <b>[Provide details of exceptions]</b>
	<b>General</b>	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the [period/year] ended [insert period/year-end date], that the Fund's fidelity insurance cover extends after [period/year-end] and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover [was/was not] in place throughout the [period/year] ended [insert period/year-end date], the Fund's fidelity insurance cover [extended/did not extend] after [period/year-end]. The subsequent fidelity insurance cover extended to [date]. <b>[Provide details of exceptions]</b>
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at [year/period] ended [insert period/year end].	Per inspection of the confirmation, the GLA policy [has/has not] lapsed at [year/period] ended [insert period/year end]. <b>[Provide details of exceptions]</b>
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator as at [last valuation date of the Fund] and perform the following procedures:	
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	Per the report the Fund was [under-funded/fully funded].
12.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	A scheme, as required in terms of section 18 of the Act in South Africa, [had/had not] been approved by the Registrar. <b>[Provide details of exceptions]</b>

<b>SCHEDULE I 2 – Small funds (<i>ordinary</i>)</b>
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**REPORT OF THE INDEPENDENT AUDITOR OF [NAME OF FUND] OF FACTUAL FINDINGS  
TO THE BOARD OF FUND AND THE REGISTRAR OF PENSION FUNDS**

In accordance with the requirements of Section 15(4) of the Pension Funds Act of South Africa (the “Act”), we have performed the procedures agreed with the Registrar of Pension Funds (the “Registrar”) and set out below with respect to the unaudited financial statements (“annual financial statements”) <sup>1</sup> and other information in the general ledger and management information comprising the accounting records of the [name of fund] (the “Fund”) for the [period/year] ended [insert period/year-end]. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Act, regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

**Procedures and findings**

Our procedures performed are set out in the numbered paragraphs (not bold) in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the [period/year] ended [insert period/year-end].

In accordance with the requirements of Section 2(5)(a) of the Act, the Registrar has exempted the fund from the requirement of Section 15(1) for the fund’s financial statements to be audited. Accordingly we are not required by the Registrar to perform an audit, or undertake a review or other assurance engagement and have not done so. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**Restriction on use and distribution**

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.

*Auditor’s Signature*

Name of individual registered auditor

Registered Auditor

Date of auditor’s report

Auditor’s address

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<sup>1</sup> As submitted by the administrator/fund to the Registrar of Pension Funds.



## Procedures and Findings

	Procedures	Findings
	<b>Statement of Net Assets and Funds</b>	
<b>1</b>	<b>Investments</b>	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at [insert period/year-end date] for any investments in accordance with the terms of section 19(4) of the Act.	
1.1.1	Where investments held in the participating employer exceed 5% of the total assets as reflected in the unaudited financial statements, inspect the appropriate approval of the Registrar.	The Fund [had/did not have] the appropriate approval of the Registrar (or not applicable – either where such investments are not held, or where the holding did not exceed 5% of the total assets as reflected in the unaudited financial statements). <b>[Provide details of exceptions]</b>
1.2	For all investments or investment policies held by the fund, we obtained investment certificates from the investment manager / insurer for all such assets disclosed in the unaudited annual financial statements.	We [obtained/did not obtain] the investment certificates from the investment manager/insurer. <b>[Provide details of exceptions]</b>
1.3	For all investments including linked insurance policies (as defined in the Long Term Insurance Act) and/or collective investment schemes we requested a Regulation 28 certificate from the relevant registered insurer/collective investment scheme manager and we observed that the certificate states that the investments are Regulation 28 compliant.	We [obtained/did not obtain] a Regulation 28 certificate from the relevant registered insurer/collective investment scheme manager/investment manager and the certificate states that the linked insurance policies and/or collective investment schemes [is/is not] Regulation 28 compliant. <b>[Provide details of exceptions]</b>
1.4	We obtained investment certificates for the investments of the fund reflected in the summary prepared by the administrator/fund and agreed the breakdown by category as reflected on the investment certificate to the summary set out in Schedule IA.	The investment certificates of the fund [were/were not] obtained. The breakdown per category per the investment certificates [agreed/did not agree] to the summary prepared by the administrator/fund. <b>[Provide details of exceptions]</b>
1.5	Compare the summary of investments by investment category to Schedule IB as attached to the unaudited annual financial statements and compare the calculated limits to the limits set in Regulation 28.	There [were/were no] differences between the summary of investments per category and the disclosure of the investments per category as set out in Schedule IB and the limits set in Regulation 28 [were/were not] exceeded. <b>[Provide details of exceptions]</b>
<b>2</b>	<b>Bank and cash</b>	
2.1	Obtain the bank reconciliations of bank accounts of the fund as at [insert period/year-end date] as disclosed.	The bank reconciliations for the bank accounts of the fund as at [insert period/year-end date] [were/were not] obtained. <b>[Provide details of exceptions]</b>
2.2	Inspect the bank statements subsequent to period end to [insert date] for evidence that reconciling items were cleared by then and obtained explanations from the administrators for all material outstanding items not cleared by that date.	Reconciling items were [cleared/not cleared] by [insert date]. Explanations were [obtained/not obtained] for all material outstanding items not cleared by that date. <b>[Provide details of exceptions]</b>

	Procedures	Findings
<b>3</b>	<b>Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)</b>	
3.1	Obtain a list of member individual accounts as reflected in the unaudited Statement of Net Assets and Funds as at [insert period/year-end date] and note any differences.	
3.2	Select a random sample of the lesser of 25 or 10% of the number of members from the list of members and perform the following procedures:	
3.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the [period/year] under review).	The member and employer contributions received and allocated for the members selected as reflected on the administrator's system [agreed/did not agree] to information supplied by the participating employers for the three months selected. <b>[Provide details of months selected and exceptions]</b>
3.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator's system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the [period/year] under review).	The member and employer contribution rates for the members selected as reflected on the administrator's system [agreed/did not agree] to the rules of the Fund for the three months selected. <b>[Provide details of months selected and exceptions]</b>
3.2.3	In respect of unitised investment products, for the three months selected in 3.2.1 and 3.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	The conversion of contributions into units [was/was not] calculated correctly and [agreed/did not agree] to the units on the administration system. The units [were/were not] added to the existing unit for that member. <b>[Provide details of exceptions]</b>
3.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the [period/year], at the [period/year-end] unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	The conversion of the units [was/was not] calculated correctly and [agreed/did not agree] to the amount recorded in each member's record on the member register. <b>[Provide details of exceptions]</b>
3.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the [period/year-end] to the unit prices on the administration system used to calculate each member's credits at [period/year-end].	The unit price(s) [agreed/did not agree] to the unit prices on the administration system at [insert period/year-end date]. <b>[Provide details of exceptions]</b>
3.2.6	In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the [period/year] under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.	The interim and/or final return allocated to each individual member's account in the administrator's records [agreed/did not agree] to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator. <b>[Provide details of exceptions]</b>

	Procedures	Findings
3.3	Obtain a list of members who switched investment portfolios during the [period/year] from the Fund/administrator, select a random sample of the lesser of 25 or 10% of members who switched between investment portfolios during the [period/year], and perform the following procedures:	
3.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	The portfolios [were/were not] switched in accordance with notification of the member's instruction/investment strategy (including life stage models) of the Fund and [were/were not] switched within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund. <b>[Provide details of exceptions]</b>
3.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Fees deducted [were/were not] approved by the Board of Fund and [were/were not] agreed to authorised supporting documentation by the Board of Fund. <b>[Provide details of exceptions]</b>
3.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:	
3.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	The investments per product [agreed/did not agree] to the investment certificates in total. <b>[Provide details of exceptions]</b>
3.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the unaudited Statement of Net Assets and Funds.	The member individual accounts on the ALM reconciliation per investment portfolio [agreed/did not agree] to the administration system and to the total member individual accounts as disclosed in the unaudited Statement of Net Assets and Funds. <b>[Provide details of exceptions]</b>
3.4.3	Inspect whether the total mismatch (in units/Rand) for all portfolios was within the range as prescribed by the Registrar.	The total mismatch for all portfolios [was/was not] within the range as prescribed by the Registrar. <b>[Provide details of exceptions]</b>
<b>4</b>	<b>Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)</b>	
4.1	Select a sample of the lesser of 25 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	
4.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the [period/year] under review).	The member contributions received and allocated for the members selected as reflected on the administrator's system [agreed/did not agree] to information supplied by the participating employers for the three months selected. <b>[Provide details of months selected and exceptions]</b>
<b>5</b>	<b>Surplus apportionment scheme</b>	

	Procedures	Findings
5.1	If a surplus apportionment scheme was approved by the Registrar in the current [period/year] or if allocation and/or payments to members were made during the [period/year], perform the following procedures:	
5.1.1	<u>Active members:</u> Select a random sample of the lesser of 25 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	
5.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>
5.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>
5.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 25 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	
5.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member and/or pensioner [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>
5.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>
5.1.2.3	Agree the total of the amount calculated in 5.1.2.1 and 5.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	The total amount calculated in 5.3 and 5.4 [agreed/did not agree] to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation. <b>[Provide details of exceptions]</b>

	Procedures	Findings
<b>6</b>	<b>Member and employer surplus accounts</b>	
6.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the unaudited annual financial statements, and perform the following procedure:	
6.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	The transactions [were/were not] made in terms of the registered rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b>
<b>7</b>	<b>Reserves</b>	
7.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the unaudited financial statements and/or in the actuarial valuation, and perform the following procedures:	
7.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve and other accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation [were/were not] in accordance with the registered rules of the Fund. <b>[Provide details of exceptions]</b>
7.1.2	Inspect that the movements in reserves and other related accounts as set out in 7.1 are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves and other related accounts as set out in 7.1 [were/were not] permitted in terms of the registered rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b>
<b>8</b>	<b>Other assets, liabilities and guarantees</b>	
8.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at [insert period/year-end date], and perform the following procedure:	
8.1.1	Agree the total loans on the above list to the corresponding account in the unaudited annual financial statements.	The total loans on the list [agreed/did not agree] to the corresponding account in the unaudited annual financial statements. <b>[Provide details of exceptions]</b>
8.2	From the list in 8.1, randomly select a sample of the lesser of 25 or 10% of the number of members' housing loans granted and perform the following procedures:	
8.2.1	Inspect evidence that the value of the housing loan provided does not exceed the amount permitted by the rules and the home loan agreement.	The value of the housing loan provided [exceeded/did not exceed] the amount permitted by the rules and the home loan agreement. <b>[Provide details of exceptions]</b>
8.2.2	Inspect evidence that the housing loan has been granted in terms of Section 19(5)(a).	The housing loan [had/had not] been granted in terms of Section 19(5)(a). <b>[Provide details of exceptions]</b>
8.2.3	Inspect evidence that repayments are being made in accordance with the housing loan agreement.	Repayments [were/were not] made against the housing loan and [were/were not] made in accordance with the loan agreement. <b>[Provide details of exceptions]</b>

	Procedures	Findings
8.2.4	Inspect the interest charged on the outstanding housing loan and compare the rate used to the prescribed rate.	The interest rate [agreed/did not agree] to the prescribed rate. <b>[Provide details of exceptions]</b>
8.2.5	If the Fund issued more than 100 housing loans or the total principal debt of all outstanding housing loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	The Fund [was/was not] registered as a credit provider under the NCA. <b>[Provide details of exceptions]</b>
8.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 25 or 10% of the number of housing loan guarantees and perform the following procedures:	
8.3.1	For the sample selected, determine that each selected housing loan guarantee did not exceed the value of the benefit that the member would become entitled to had they withdrawn, as at the [period/year] end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Each selected housing loan guarantee [did not/did] exceed the value of the benefit that the member would become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and/or the rules of the Fund. <b>[Provide details of exceptions]</b>
8.3.2	Inspect evidence that the housing loan guarantee has been granted in terms of Section 19(5)(a).	The housing loan guarantee [had/had not] been granted in terms of Section 19(5)(a). <b>[Provide details of exceptions]</b>
8.4	Obtain a list of other loans per the general ledger of the Fund as at [insert period/year-end date] and perform the following procedure:	
8.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Loans [were/were not] granted and/or investments [were/were not] made as prohibited in terms of section 19(5) B. <b>[Provide details of exceptions]</b>
	<b>Statement of Changes in Net Assets and Funds</b>	
<b>9</b>	<b>Contributions</b>	
9.1	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:	
9.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	The contributions received by or on behalf of the Fund [agreed/did not agree] to the remittance advice from the participating employer/pay-point. <b>[Provide details of months selected and exceptions]</b>
9.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	Contributions [were/were not] deposited with a registered bank in accordance with section 13A of the Act and late payment interest [had/had not] been raised in terms of regulation 33, where applicable. <b>[Provide details of exceptions]</b>
9.2	Select a sample of the lesser of 25 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at [period/year-end] from a list supplied by the Fund/administrator and perform the following procedure:	

	Procedures	Findings
9.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at [period/year-end] have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	Amounts disclosed as arrear contributions at [period/year-end] [have/have not] been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where amounts were received after the prescribed period: [List amounts and dates of receipt] Where amounts were not received: [List amounts]
<b>10</b>	<b>Benefits</b>	
10.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's unaudited Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
10.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list [agreed/did not agree] to the respective general ledger benefit expense accounts reconciliation. <b>[Provide details of exceptions and/or unexplained reconciling items]</b>
10.2	Select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
10.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid [agreed/did not agree] to the administration system and authorised supporting documentation in accordance with the procedures of the Fund. <b>[Provide details of exceptions]</b>
10.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	The recovery from the insurer [was/was not] received/accrued by the Fund. <b>[Provide details of exceptions]</b>
10.2.3	<u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u> Inspect that the calculation of the benefit payment was done by the actuary in accordance with the requirements of the rules of the Fund and/or the Act.  <u>For a defined contribution fund</u> Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.	<u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u> The calculation of the benefit payment by the actuary [was/was not] done in agreement with the requirements of the rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b> <u>For a defined contribution fund</u> The opening fund credit for the member [agreed/did not agree] to the opening fund credit report and contributions [were/were not] added every month until the date of exit. The balance paid out to the member (inclusive of late payment interest where applicable) [agreed/did not agree] to the fund credit report or administration system as at the date of exit. <b>[Provide details of exceptions]</b>
10.3	Obtain a list of all benefits not yet paid at [period/year-end], select a sample of the lesser of 25 benefits or 10% of the total number of benefits from the list and perform the following procedures:	

	Procedures	Findings
10.3.1	Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the rules are classified as unclaimed benefits.	The benefits that were older than the period as set out in the Act or a shorter period defined by the rules [were/were not] classified as unclaimed. <b>[Provide details of exceptions]</b>
<b>11</b>	<b>Transfers</b>	
11.1	Obtain the list of section 14 transfers paid/received and accrued to and from the Fund throughout the [period/year] and select a sample of the lesser of 25 or 10% of the number of transfers in and the lesser of 25 or 10% of the number of transfers out, and perform the following procedures:	
11.2	Compare the above list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	The list of total section 14 transfers to and from the Fund [agreed/did not agree] to the corresponding account in the general ledger. <b>[Provide details of exceptions]</b>
11.2.1	Agree the sample of section 14 transfers to and from the Fund to: c) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or d) the section 14(8) documentation as prescribed.	The sample of section 14 transfers to and from the Fund [agreed/did not agree] to: c) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or d) the section 14(8) documentation as prescribed. <b>[Provide details of exceptions]</b>
11.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from the application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	The transfers to and from the Fund [were/were not] received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from the application date for section 14(8) transfers and growth and investment return [was/was not] allocated from the effective date of transfer to the date of final settlement. <b>[Provide details of exceptions]</b>
11.2.3	In respect of unitised funds, select a sample of the lesser of 25 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>
11.3	<b>Individual transfers</b> Obtain the list of individual transfers throughout the [period/year] ended [insert period/year-end date], select a sample of the lesser of 25 or 10% of the number of individual transfers, and perform the following procedures:	
11.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers [agreed/did not agree] to the approved recognition of transfer documentation. <b>[Provide details of exceptions]</b>



	Procedures	Findings
11.4	<b>For individual transfers in selected</b> In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>
<b>12</b>	<b>Pensioners paid</b>	
12.1	Obtain a copy of the list of pensioners and amounts paid for the [period/year] from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	
12.1.1	Agree the total pensions paid for the [period/year] ended [insert period/year-end date] to the corresponding account reconciliation to the general ledger balance.	The total pensions paid [agreed/did not agree] to the corresponding account reconciliation to the general ledger balance for the [period/year] ended [insert period/year-end date]]. <b>[Provide details of exceptions and / or unexplained reconciling items]</b>
12.2	Select a sample of the lesser of 25 or 10 % of the number of pensioners from the above list and perform the following procedures:	
12.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	The pensioner increases [were/were not] authorised by the Board of Fund. <b>[Provide details of exceptions]</b>
12.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the pensioners selected [existed/did not exist]. <b>[Provide details of exceptions]</b>
12.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	
12.3.1	Agree the closing market value of the annuity to the unaudited annual financial statements.	The closing market value of the annuity [agreed/did not agree] to the unaudited annual financial statements. <b>[Provide details of exceptions]</b>
12.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the unaudited annual financial statements.	The pensioner payment per the confirmation from the insurer [agreed/did not agree] to the pensions paid disclosed in the notes to the unaudited annual financial statements. <b>[Provide details of exceptions]</b>
	<b>General</b>	
13.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the [period/year] ended [insert period/year-end date], that the Fund's fidelity insurance cover extends after [period/year-end] and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover [was/was not] in place throughout the [period/year] ended [insert period/year-end date], the Fund's fidelity insurance cover [extended/did not extend] after [period/year-end]. The subsequent fidelity insurance cover extended to [date]. <b>[Provide details of exceptions]</b>

	Procedures	Findings
13.2	Inspect evidence that the total premiums for the Fund's insured benefits have been paid to the insurer within the contracted payment period and report on any lapsed policies as a result of the under- or non-payment of premiums.	The total premiums for the Fund's insured benefits [have/have not] been paid to the insurer within the contracted payment period. The following policies lapsed as a result of the under- or non-payment of premiums: [Insert details] <b>[Provide details of exceptions]</b>
13.3	Obtain the most recent statutory valuation signed and submitted by the valuator as at [last valuation date of the Fund] and perform the following procedures:	
13.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	Per the report, the Fund was [under-funded/fully funded].
13.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	A scheme, as required in terms of section 18 of the Act in South Africa, [had/had not] been approved by the Registrar. <b>[Provide details of exceptions]</b>

<b>SCHEDULE I 3 – Umbrella funds</b>
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**SCHEDULE I****REPORT OF THE INDEPENDENT AUDITOR OF [NAME OF FUND] OF FACTUAL FINDINGS TO THE BOARD OF FUND AND THE REGISTRAR OF PENSION FUNDS**

We have performed the procedures agreed with the Registrar of Pension Funds (the “Registrar”) and set out below with respect to the audited financial statements (“annual financial statements”)<sup>1</sup> and other information in the general ledger and management information comprising the accounting records of the [name of fund] (the “Fund”) for the [period/year] ended [insert period/year-end]. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

**Procedures and findings**

Our procedures performed are set out in the numbered paragraphs (not bold) in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the [period/year] ended [insert period/year-end].

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB’s International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

**Restriction on use and distribution**

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.

*Auditor’s Signature*

Name of individual registered auditor

Registered Auditor

Date of auditor’s report

Auditor’s address

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<sup>1</sup> As submitted by the administrator/fund to the Registrar of Pension Funds.

## Procedures and Findings

	Procedures	Findings
	<b>Statement of Net Assets and Funds</b>	
<b>1</b>	<b>Investments</b>	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at [insert period/year-end date] for any investments in accordance with the terms of section 19(4) of the Act.	
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers/issuers were [agreed/not agreed] to the investment balances reflected in the general ledger. <b>[Provide details of exceptions]</b>
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	The Fund [had/did not have] the appropriate approval of the Registrar (or not applicable – either where such investments are not held, or where the holding did not exceed 5% of the total assets as reflected in the financial statements). <b>[Provide details of exceptions]</b>
1.2	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrator(s), and perform the following procedures on a sample of 10 mandates (comprising the 3 largest by value of investments at year end and 7 other randomly selected mandates):	
1.2.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	The underlying investments [were/were not] in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate. <b>[Provide details of exceptions]</b>
1.2.2	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed.	The investment mandate and the investment policy statement [did/did not] provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed. <b>[Provide details of exceptions]</b>
1.2.3	Inspect whether the collateral and counterparty requirements as prescribed are complied with.	The collateral and counterparty requirements as prescribed [were/were not] complied with. <b>[Provide details of exceptions]</b>

	Procedures	Findings
1.2.4	<p>For segregated portfolios, confirm directly with the investment administrator(s):</p> <p>(d) whether scrip lending took place during the [period/year] and, if so,</p> <p>(e) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so,</p> <p>(f) the percentage exposure covered by the collateral.</p> <p>Report on the amount for a).</p>	<p>The direct confirmations received from the investment administrator(s) indicated that:</p> <p>(d) scrip lending [took/did not take] place during the [period/year]. Scrip lending amounted to [Rxx] as at [insert period/year-end date], and</p> <p>(e) collateral [was/was not] provided by the counterparty/(ies) for any scrip lending activities; and</p> <p>(f) collateral provided covered [xx%] of the exposure.</p> <p><b>[Provide details of exceptions]</b></p>
<b>2</b>	<b>Member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds)</b>	
2.1	Obtain a list of member individual accounts per participating employer that agrees in total to the Statement of Net Assets and Funds as at [insert period/year-end date].	
2.2	Select a random sample of the lesser of 50 or 10% of the number of members (from participating employers selected in 8.1 below) from the list of members and perform the following procedures:	
2.2.1	Compare the member and employer contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the [period/year] under review).	<p>The member and employer contributions received and allocated for the members selected as reflected on the administrator's system [agreed/did not agree] to information supplied by the participating employers for the three months selected.</p> <p><b>[Provide details of months selected and exceptions]</b></p>
2.2.2	Compare the member and employer contribution rates for the members selected as reflected on the administrator's system, to the rules of the Fund, for a randomly selected period of three months (including the last month of the [period/year] under review).	<p>The member and employer contribution rates for the members selected as reflected on the administrator's system [agreed/did not agree] to the rules of the Fund for the three months selected.</p> <p><b>[Provide details of months selected and exceptions]</b></p>
2.2.3	In respect of unitised investment products, for the three months selected in 2.2.1 and 2.2.2, calculate the conversion of the contributions at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	<p>The conversion of contributions into units [was/was not] calculated correctly and [agreed/did not agree] to the units on the administration system. The units [were/were not] added to the existing units for that member.</p> <p><b>[Provide details of exceptions]</b></p>

	Procedures	Findings
2.2.4	In respect of unitised investment products, calculate the conversion of units at the end of the [period/year], at the [period/year-end] unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	The conversion of the units [was/was not] calculated correctly and [agreed/did not agree] to the amount recorded in each member's record on the member register. <b>[Provide details of exceptions]</b>
2.2.5	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary/other authorised party at the [period/year-end] to the unit prices on the administration system used to calculate each member's credits at [period/year-end].	The unit price(s) [agreed/did not agree] to the unit prices on the administration system at [insert period/year-end date]. <b>[Provide details of exceptions]</b>
2.2.6	In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the [period/year] under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator.	The interim and/or final return allocated to each individual member's account in the administrator's records [agreed/did not agree] to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator. <b>[Provide details of exceptions]</b>
2.3	Obtain a list of members who switched investment portfolios during the [period/year] from the Fund/administrator, select a random sample of the lesser of 50 or 10% of members who switched between investment portfolios during the [period/year], and perform the following procedures:	
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy (including life stage models) of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	The portfolios [were/were not] switched in accordance with notification of the member's instruction/investment strategy (including life stage models) of the Fund and [were/were not] switched within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund. <b>[Provide details of exceptions]</b>
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate.	Fees deducted [were/were not] approved by the Board of Fund and [were/were not] agreed to authorised supporting documentation by the Board of Fund. <b>[Provide details of exceptions]</b>
2.4	For investment products obtain the Asset Liability Match (ALM) reconciliation per investment portfolio, excluding the reserve accounts, for member individual accounts from the administrator, and perform the following procedures:	

	Procedures	Findings
2.4.1	Compare the investments per product on the ALM reconciliation to the investment certificates in total.	The investments per product [agreed/did not agree] to the investment certificates in total. <b>[Provide details of exceptions]</b>
2.4.2	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	The member individual accounts on the ALM reconciliation per investment portfolio [agreed/did not agree] to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds. <b>[Provide details of exceptions]</b>
2.4.3	Inspect whether the total mismatch (in Rand) for all portfolios was within the range as prescribed by the Registrar.	The total mismatch for all portfolios [was/was not] within the range as prescribed by the Registrar. <b>[Provide details of exceptions]</b>
<b>3</b>	<b>Accumulated funds (for defined benefit funds as well as defined benefit sections of hybrid funds)</b>	
3.1	Select a sample of the lesser of 50 or 10% of the number of members from the list of members provided by the administrator and perform the following procedures for each member selected:	
3.1.1	Compare the member contributions received and allocated for the members selected as reflected on the administrator's system, to information supplied by the participating employers for those members selected, for a randomly selected period of three months (including the last month of the [period/year] under review).	The member contributions received and allocated for the members selected as reflected on the administrator's system [agreed/did not agree] to information supplied by the participating employers for the three months selected. <b>[Provide details of months selected and exceptions]</b>
<b>4</b>	<b>Surplus apportionment scheme</b>	
4.1	If a surplus apportionment scheme was approved by the Registrar in the current [period/year] or if allocation and/or payments to members were made during the [period/year], perform the following procedures:	
4.1.1	<u>Active members:</u> Select a random sample of the lesser of 50 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	
4.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>

	Procedures	Findings
4.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>
4.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 50 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	
4.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member and/or pensioner [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>
4.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Pension Funds Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Pension Funds Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>
4.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	The total amount calculated in 4.1.2.1 and 4.1.2.2 [agreed/did not agree] to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation. <b>[Provide details of exceptions]</b>
<b>5</b>	<b>Member and employer surplus accounts</b>	
5.1	Obtain the analysis of the transactions in the member and/or employer surplus account per the annual financial statements, and perform the following procedure:	
5.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and/or the Act.	The transactions [were/were not] made in terms of the registered rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b>
<b>6</b>	<b>Reserves</b>	



	Procedures	Findings
6.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	
6.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve and other accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation [were/were not] in accordance with the registered rules of the Fund. <b>[Provide details of exceptions]</b>
6.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	The movements in reserves as disclosed in the annual financial statements [were/were not] permitted in terms of the registered rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b>
<b>7</b>	<b>Other assets, liabilities and guarantees</b>	
7.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at [insert period/year-end date], and perform the following procedure:	
7.1.1	Agree the total loans on the above list to the corresponding account in the annual financial statements.	The total loans on the list [agreed/did not agree] to the corresponding account in the annual financial statements. <b>[Provide details of exceptions]</b>
7.2	From the list in 7.1, randomly select a sample of the lesser of 50 or 10% of the number of members' housing loans granted and perform the following procedures:	
7.2.1	Inspect evidence that the value of the loan provided does not exceed the amount permitted by the rules and the home loan agreement.	The value of the loan provided [exceeded/did not exceed] the amount permitted by the rules and the home loan agreement. <b>[Provide details of exceptions]</b>
7.2.2	Inspect evidence that the loan has been granted in terms of Section 19(5) (a).	The loan [had/had not] been granted in terms of Section 19(5) (a). <b>[Provide details of exceptions]</b>
7.2.3	Inspect evidence that repayments are being made in accordance with the loan agreement.	Repayments [were/were not] made against the loan and [were/were not] made in accordance with the loan agreement. <b>[Provide details of exceptions]</b>
7.2.4	Inspect the interest charged on the outstanding loan and compare the rate used to the prescribed rate.	The interest rate [agreed/did not agree] to the prescribed rate. <b>[Provide details of exceptions]</b>

	Procedures	Findings
7.2.5	If the Fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	The Fund [was/was not] registered as a credit provider under the NCA. <b>[Provide details of exceptions]</b>
7.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 50 or 10% of the number of housing loan guarantees and perform the following procedures:	
7.3.1	For the sample selected, determine that each selected guarantee did not exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the [period/year] end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Each selected guarantee [did not/did] exceed the gross value of the benefit that the member would become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and/or the rules of the Fund. <b>[Provide details of exceptions]</b>
7.3.2	Inspect evidence that the guarantee has been granted in terms of Section 19(5) (a).	The guarantee [had/had not] been granted in terms of Section 19(5) (a). <b>[Provide details of exceptions]</b>
7.4	Obtain a list of other loans per the general ledger of the Fund as at [insert period/year-end date] and perform the following procedure:	
7.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B.	Loans [were/were not] granted and/or investments [were/were not] made as prohibited in terms of section 19(5) B. <b>[Provide details of exceptions]</b>
	<b>Statement of Changes in Net Assets and Funds</b>	
<b>8</b>	<b>Contributions</b>	
8.1	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points (whichever is the lower) from a list of participating employer/pay-points supplied by the Fund/administrator, select three months and perform the following procedures:	
8.1.1	Compare, in total, the contributions received by or on behalf of the Fund to the remittance advices from the participating employer/pay-point.	The contributions received by or on behalf of the Fund [agreed/did not agree] to the remittance advice from the participating employer/pay-point. <b>[Provide details of months selected and exceptions]</b>
8.1.2	Inspect the bank statements for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	Contributions [were/were not] deposited with a registered bank in accordance with section 13A of the Act and late payment interest [had/had not] been raised in terms of regulation 33, where applicable. <b>[Provide details of exceptions]</b>

	Procedures	Findings
8.2	Select a sample of the lesser of 50 or 10% of the number of participating employers or pay points which reflect arrear contributions (whichever is the lower) at [period/year-end] from a list supplied by the Fund/administrator and perform the following procedure:	
8.2.1	Inspect the accounting records of the Fund to determine whether amounts disclosed as arrear contributions at [period/year-end] have been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where the amounts were received after the prescribed period, report the date of receipt and where they were not received, indicate as such.	Amounts disclosed as arrear contributions at [period/year-end] [have/have not] been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act. Where amounts were received after the prescribed period: [List amounts and dates of receipt] Where amounts were not received: [List amounts]
<b>9</b>	<b>Benefits</b>	
9.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
9.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list [agreed/did not agree] to the respective general ledger benefit expense accounts reconciliation. <b>[Provide details of exceptions and/or unexplained reconciling items]</b>
9.2	Select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
9.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid [agreed/did not agree] to the administration system and authorised supporting documentation in accordance with the procedures of the Fund. <b>[Provide details of exceptions]</b>
9.2.2	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	The recovery from the insurer [was/was not] received/accrued by the Fund. <b>[Provide details of exceptions]</b>

	Procedures	Findings
9.2.3	<p><u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u></p> <p>Inspect that the calculation of the benefit payment was done by the actuary in accordance with the requirements of the rules of the Fund and/or the Act.</p> <p><u>For a defined contribution fund</u></p> <p>Agree the opening fund credit for the member to the opening fund credit report and determine whether contributions were added every month until the date of exit (either by Rand amount or in the case of unitised funds, by units). Agree the balance paid out to the member (inclusive of late payment interest where applicable) to the fund credit report or administration system as at the date of exit.</p>	<p><u>For a defined benefit fund and hybrid funds with a defined benefit underpin</u></p> <p>The calculation of the benefit payment by the actuary [was/was not] done in agreement with the requirements of the rules of the Fund and/or the Act.</p> <p><u>For a defined contribution fund</u></p> <p>The opening fund credit for the member [agreed/did not agree] to the opening fund credit report and contributions [were/were not] added every month until the date of exit. The balance paid out to the member (inclusive of late payment interest where applicable) [agreed/did not agree] to the fund credit report or administration system as at the date of exit.</p> <p><b>[Provide details of exceptions]</b></p>
9.3	Obtain a list of all benefits not yet paid at [period/year-end], select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedure:	
9.3.1	Agree whether the benefits that are older than the period as set out in the Act or a shorter period defined by the Rules are classified as unclaimed benefits.	<p>The benefits that were older than the period as set out in the Act or a shorter period defined by the Rules [were/were not] classified as unclaimed benefits.</p> <p><b>[Provide details of exceptions]</b></p>
<b>10</b>	<b>Transfers</b>	
10.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	<p>The list of total section 14 transfers to and from the Fund [agreed/did not agree] to the corresponding account in the general ledger.</p> <p><b>[Provide details of exceptions]</b></p>
10.2	From the list of section 14 transfers paid/received and accrued to and from the Fund throughout the [period/year] select a sample of the lesser of 50 or 10% of the number of transfers in and the lesser of 50 or 10% of the number of transfers out, and perform the following procedures:	
10.2.1	<p>Agree the sample of section 14 transfers to and from the Fund to:</p> <p>e) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or</p> <p>f) the section 14(8) documentation as prescribed.</p>	<p>The sample of section 14 transfers to and from the Fund [agreed/did not agree] to:</p> <p>e) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or</p> <p>f) the section 14(8) documentation as prescribed.</p> <p><b>[Provide details of exceptions]</b></p>

	Procedures	Findings
10.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	The transfers to and from the Fund [were/were not] received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from application date for section 14(8) transfers and growth and investment return [was/was not] allocated from the effective date of transfer to the date of final settlement. <b>[Provide details of exceptions]</b>
10.2.3	In respect of unitised funds, select a sample of the lesser of 50 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>
10.3	<b>Individual transfers</b> Obtain the list of individual transfers throughout the [period/year] ended [insert period/year-end date], select a sample of the lesser of 50 or 10% of the number of individual transfers, and perform the following procedures:	
10.3.1	Agree the transfers to the approved recognition of transfer documentation.	The transfers [agreed/did not agree] to the approved recognition of transfer documentation. <b>[Provide details of exceptions]</b>
10.3.2	<b>For individual transfers in selected</b> In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>
<b>11</b>	<b>Pensioners paid</b>	
11.1	Obtain a copy of the list of pensioners and amounts paid for the [period/year] from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	
11.1.1	Agree the total pensions paid for the [period/year] ended [insert period/year-end date] to the corresponding account reconciliation to the general ledger balance.	The total pensions paid [agreed/did not agree] to the corresponding account reconciliation to the general ledger balance for the [period/year] ended [insert period/year-end date]. <b>[Provide details of exceptions and / or unexplained reconciling items]</b>

	Procedures	Findings
11.2	Select a sample of the lesser of 50 or 10% of the number of pensioners paid directly from the fund from the above list and perform the following procedures:	
11.2.1	Inspect the pensioner increases for authorisation by the Board of Fund.	The pensioner increases [were/were not] authorised by the Board of Fund. <b>[Provide details of exceptions]</b>
11.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the pensioners selected [existed/did not exist]. <b>[Provide details of exceptions]</b>
11.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	
11.3.1	Agree the closing market value of the annuity to the annual financial statements.	The closing market value of the annuity [agreed/did not agree] to the annual financial statements. <b>[Provide details of exceptions]</b>
11.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid disclosed in the notes to the annual financial statements.	The pensioner payment per the confirmation from the insurer [agreed/did not agree] to the pensions paid disclosed in the notes to the annual financial statements. <b>[Provide details of exceptions]</b>
	<b>General</b>	
12.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the [period/year] ended [insert period/year-end date], that the Fund's fidelity insurance cover extends after [period/year-end] and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover [was/was not] in place throughout the [period/year] ended [insert period/year-end date], the Fund's fidelity insurance cover [extended/did not extend] after [period/year-end]. The subsequent fidelity insurance cover extended to [date]. <b>[Provide details of exceptions]</b>
12.2	Confirm with the Fund's GLA insurer as to whether the GLA policy has lapsed at [year/period] ended [insert period/year end].	Per inspection of the confirmation, the GLA policy [has/has not] lapsed at [year/period] ended [insert period/year end]. <b>[Provide details of exceptions]</b>
12.3	Obtain the most recent statutory valuation signed and submitted by the valuator as at [last valuation date of the Fund] and perform the following procedures:	
12.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	Per the report the Fund was [under-funded/fully funded].
12.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	A scheme, as required in terms of section 18 of the Act in South Africa, [had/had not] been approved by the Registrar. <b>[Provide details of exceptions]</b>

<b>SCHEDULE I 4– Retirement Annuity and Preservation funds</b>
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**REPORT OF THE INDEPENDENT AUDITOR OF [NAME OF FUND] OF FACTUAL FINDINGS  
TO THE BOARD OF FUND AND THE REGISTRAR OF PENSION FUNDS**

We have performed the procedures agreed with the Registrar of Pension Funds (the “Registrar”) and set out below with respect to the audited financial statements (“annual financial statements”)<sup>1</sup> and other information in the general ledger and management information comprising the accounting records of the [name of fund] (the “Fund”) for the [period/year] ended [insert period/year-end]. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

**Procedures and findings**

Our procedures performed are set out in the numbered paragraphs (not bold) in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the [period/year] ended [insert period/year-end].

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB’s International Standards we do not express any assurance. Had we performed additional procedures, or had we performed an audit, a review, or other assurance engagement, other matters might have come to our attention that would have been reported.

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<sup>1</sup> As submitted by the administrator/fund to the Registrar of Pension Funds.

**Restriction on use and distribution**

Our report is solely for the purpose set out in the first paragraph of this report and for the information of the Registrar and accordingly may not be suitable for any other purpose and distributed to other parties. This report relates only to the information specified and does not extend to the annual financial statements of the Fund taken as a whole.

*Auditor's Signature*

Name of individual registered auditor

Registered Auditor

Date of auditor's report

Auditor's address



	Procedures	Findings
	<b>Statement of Net Assets and Funds</b>	
<b>1</b>	<b>Investments</b>	
1.1	We obtained written confirmation of investment balances and agreed details of the confirmations received to the investment balances reflected in the general ledger.	Written confirmations [were/were not] obtained and details [were/were not] agreed to the investment balances reflected in the general ledger. <b>[Provide details of exceptions]</b>
1.2	Inspect the list of investment balances reflected in the general ledger of the Fund as at [insert period/year-end date] for any investments in accordance with the terms of section 19(4) of the Act.	
1.2.1	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	The Fund [had/did not have] the appropriate approval of the Registrar (or not applicable – either where such investments are not held, or where the holding did not exceed 5% of the total assets as reflected in the financial statements). <b>[Provide details of exceptions]</b>
1.3	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrator(s), and perform the following procedures:	
1.3.1	Inspect whether the underlying investments are in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate.	The underlying investments [were/were not] in compliance with the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate. <b>[Provide details of exceptions]</b>
1.4	Inspect whether the investment mandate and the investment policy statement provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed	The investment mandate and the investment policy statement [did/did not] provide for securities lending transactions and investments in hedge funds, private equity funds and derivatives, as prescribed. <b>[Provide details of exceptions]</b>
1.4.1	For segregated portfolios, confirm directly with the investment administrator(s): (g) whether scrip lending took place during the [period/year] and, if so, (h) whether there was collateral provided by the counterparty/(ies) for any scrip lending activities and, if so, (i) the percentage exposure covered by the collateral. Report on the amount for (a).	The direct confirmations received from the investment administrator(s) indicated that: (g) scrip lending [took/did not take] place during the [period/year]. Scrip lending amounted to [Rxxx] as at [insert period/year-end date], and (h) collateral [was/was not] provided by the counterparty/(ies) for any scrip lending activities; and (i) collateral provided covered [xx%] of the exposure. <b>[Provide details of exceptions]</b>
<b>2</b>	<b>Member individual accounts</b>	

	Procedures	Findings
2.1	Obtain a list of member individual accounts as reflected on the audited Statement of Net Assets and Funds as at [insert period/year-end date].	
2.2	Select a random sample of the lesser of 50 or 10% of the number of members from the list of members and perform the following procedures:	
2.2.1	In respect of unitised investment products, calculate the conversion of the contributions [for preservation funds, that the lump sum received] at the unit price per the administration system on the dates that the contributions were invested and compare the units recalculated to the administration system units for the selected members. Inspect that the units were added to the existing units for that member.	The conversion of contributions into units [was/was not] calculated correctly and [agreed/did not agree] to the units on the administration system. The units [were/were not] added to the existing units for that member. <b>[Provide details of exceptions]</b>
2.2.2	In respect of unitised investment products, calculate the conversion of units at the end of the [period/year], at the [period/year-end date] unit price per the administration system and agree the calculated amount to the member's fund credit amount recorded in each member's record.	The conversion of the units [was/was not] calculated correctly and [agreed/did not agree] to the amount recorded in each member's record on the member register. <b>[Provide details of exceptions]</b>
2.2.3	In respect of unitised investment products, compare the unit price(s) as per investment manager/actuary at the [period/year-end date] to the unit prices on the administration system used to calculate each member's credits at [period/year-end date].	The unit price(s) [agreed/did not agree] to the unit prices on the administration system at [insert period/year-end date]. <b>[Provide details of exceptions]</b>
2.2.4	In respect of non-unitised investment products, compare the interim and/or final return allocated to each individual member's account in the administrator's records for the [period/year] under review to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator or the return allocated to the member policy by the insurer.	The interim and/or final return allocated to each individual member's account in the administrator's records [agreed/did not agree] to the return approved in accordance with a resolution of the Board of Fund or the rules of the Fund or approved recommendation by the investment consultant/asset manager/fund valuator. <b>[Provide details of exceptions]</b>
2.3	Obtain a list of members who switched investment portfolios during the [period/year] from the Fund/administrator, select a random sample of the lesser of 50 or 10% of members who switched between investment portfolios during the [period/year], and perform the following procedures:	
2.3.1	Inspect evidence that the portfolios were switched in accordance with notification of the member's instruction/ investment strategy of the Fund and within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund.	The portfolios [were/were not] switched in accordance with notification of the member's instruction/investment strategy of the Fund and [were/were not] switched within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund. <b>[Provide details of exceptions]</b>

	Procedures	Findings
2.3.2	Inquire as to whether any fees relating to switches were deducted, and if so, inspect evidence of the approval by the Board of Fund and/or in terms of a service level agreement or client mandate or member policy.	Fees deducted [were/were not] approved by the Board of Fund and [were/were not] agreed to authorised supporting documentation by the Board of Fund. <b>[Provide details of exceptions]</b>
2.4	For unitised investment products where member portfolios are backed by specific portfolios, we agreed the values of investments specified by the members investment choice to the members liabilities per product for that choice and inspected the accuracy of reconciling items.	The values of investments specified by members investment choice [agreed/did not agree] to the members' liabilities per product for that choice and the reconciling items amounting to (insert amount) [were/were not] accurate. <b>[Provide details of exceptions]</b>
2.5	Inspect whether the total mismatch (in units/Rand) for all portfolios was within the range as prescribed by the Registrar.	The total mismatch for all portfolios [was/was not] within the range as prescribed. <b>[Provide details of exceptions]</b>
2.6	Compare the member individual accounts on the ALM reconciliation per investment portfolio to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds.	The member individual accounts on the ALM reconciliation per investment portfolio [agreed/did not agree] to the administration system and to the total member individual accounts as disclosed in the Statement of Net Assets and Funds. <b>[Provide details of exceptions]</b>
<b>3</b>	<b>Surplus apportionment scheme</b>	
3.1	If a surplus apportionment scheme was approved by the Registrar in the current [period/year] or if allocation and/or payments to members were made during the [period/year], perform the following procedures:	
3.1.1	<u>Active members:</u> Select a random sample of the lesser of 50 or 10% of number of active members to whom surplus has been apportioned in the approved surplus apportionment scheme and perform the following procedures:	
3.1.1.1	Agree the original surplus amount allocated to the selected member to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>
3.1.1.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>

	Procedures	Findings
3.1.2	<u>Former members and pensioners:</u> Select a random sample of the lesser of 50 or 10% of number of former members and pensioners as defined by the surplus apportionment scheme from the surplus schedules attached to the approved surplus apportionment scheme and perform the following procedures:	
3.1.2.1	Agree the original surplus amount allocated to the selected member and/or pensioner to the individual allocation on the member records per the administration system.	The original surplus amount allocated to the selected member and/or pensioner [agreed/did not agree] to the individual allocation on the member records per the administration system. <b>[Provide details of exceptions]</b>
3.1.2.2	Inspect whether the calculation of the relevant investment return from surplus apportionment date to date of allocation was in accordance with the requirements of the Pension Funds Act and allocated to the member records in the administration system.	The calculation of the relevant investment return from surplus apportionment date to date of allocation [was/was not] in accordance with the requirements of the Pension Funds Act and [was/was not] allocated to the member records in the administration system. <b>[Provide details of exceptions]</b>
3.1.2.3	Agree the total of the amount calculated in 4.1.2.1 and 4.1.2.2 to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation.	The total amount calculated in 4.1.2.1 and 4.1.2.2 [agreed/did not agree] to the surplus benefit paid per selected member and to the applicable amount per the administration system and other authorised supporting documentation. <b>[Provide details of exceptions]</b>
<b>4</b>	<b>Member and sponsor surplus accounts</b>	
4.1	Obtain the analysis of the transactions in the member and/or sponsor surplus account per the annual financial statements, and perform the following procedure:	
4.1.1	Inspect that the transactions are permitted in terms of the registered rules of the Fund and the Act.	The transactions [were/were not] made in terms of the registered rules of the Fund and the Act. <b>[Provide details of exceptions]</b>
<b>5</b>	<b>Reserves</b>	
5.1	Obtain the list of reserves and other related accounts (e.g. pensioner accounts) and the movements per the financial statements and/or in the actuarial valuation, and perform the following procedures:	
5.1.1	Inspect whether the reserve and other related accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation are in accordance with the registered rules of the Fund.	The reserve and other accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation [were/were not] in accordance with the registered rules of the Fund. <b>[Provide details of exceptions]</b>
5.1.2	Inspect that the movements in reserves as disclosed in the annual financial statements are permitted in terms of the registered rules of the Fund and/or the Act.	Large funds reads: The movements in reserves as disclosed in the annual financial statements [were/were not] permitted in terms of the registered rules of the Fund and/or the Act. <b>[Provide details of exceptions]</b>

	Procedures	Findings
<b>6</b>	<b>Other assets, liabilities and guarantees</b>	
6.1	Obtain the list of housing loans granted to members by the Fund in terms of section 19(5) of the Act as at [insert period/year-end date], and perform the following procedure:	
6.1.1	Agree the total loans on the above list to the corresponding account in the annual financial statements.	The total loans on the list [agreed/did not agree] to the corresponding account in the annual financial statements. <b>[Provide details of exceptions]</b>
6.2	From the list in 7.1, randomly select a sample of the lesser of 50 or 10% of the number of members' housing loans granted and perform the following procedures:	
6.2.1	Inspect evidence that the value of the loan provided does not exceed the amount permitted by the rules and the home loan agreement.	The value of the loan provided [exceeded/did not exceed] the amount permitted by the rules and the home loan agreement. <b>[Provide details of exceptions]</b>
6.2.2	Inspect evidence that the loan has been granted in terms of Section 19(5) (a) of the Act.	The loan [had/had not] been granted in terms of Section 19(5) (a) of the Act. <b>[Provide details of exceptions]</b>
6.2.3	Inspect evidence that repayments are being made in accordance with the loan agreement.	Repayments [were/were not] made against the loan and [were/were not] made in accordance with the loan agreement. <b>[Provide details of exceptions]</b>
6.2.4	Inspect the interest charged on the outstanding loan and compare the rate used to the prescribed rate.	The interest rate [agreed/did not agree] to the prescribed rate. <b>[Provide details of exceptions]</b>
6.2.5	If the Fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, inquire whether the Fund was registered as a credit provider under the National Credit Act, 2005 (the NCA).	The Fund [was/was not] registered as a credit provider under the NCA. <b>[Provide details of exceptions]</b>
6.3	Obtain the list of housing loan guarantees and select a sample of the lesser of 50 or 10% of the number of housing loan guarantees and perform the following procedures:	
6.3.1	For the sample selected, determine that each selected guarantee did not exceed the value of the benefit that the member would become entitled to had they withdrawn, as at the [period/year] end, in terms of the Act, the loan agreement and/or the rules of the Fund.	Each selected guarantee [did not/did] exceed the value of the benefit that the member would become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and/or the rules of the Fund. <b>[Provide details of exceptions]</b>
6.3.2	Inspect evidence that the guarantee has been granted in terms of Section 19(5)(a) of the Act.	The guarantee [had/had not] been granted in terms of Section 19(5) (a) of the Act. <b>[Provide details of exceptions]</b>
6.4	Obtain a list of other loans per the general ledger of the Fund as at [insert period/year-end date] and perform the following procedure:	

	Procedures	Findings
6.4.1	Confirm that no loans were granted and/or investments made as prohibited in terms of section 19(5)B of the Act.	Loans [were/were not] granted and/or investments [were/were not] made as prohibited in terms of section 19(5) B of the Act. <b>[Provide details of exceptions]</b>
	<b>Statement of Changes in Net Assets and Funds</b>	
<b>7</b>	<b>Contributions – Not applicable for Preservation Funds</b>	
7.1	Select a sample of the lesser of 50 or 10% of the number of contributing members from a list of contributing members supplied by the Fund/administrator and perform the following procedures:	
7.1.1	Inspect the application form and determine whether a valid policy/new entrant certificate was issued.	A valid policy/new entrant certificate [was/was not] issued. <b>[Provide details of exceptions]</b>
7.1.2	Inspect whether the contributions per the policy/application form were received by the fund and inspect the member records to determine whether they were updated accurately.	The contributions per the policy/application form [were/were not] received by the fund and the member records [were/were not] updated accurately. <b>[Provide details of exceptions]</b>
7.1.3	Inspect whether the investment choices that the member made in terms of the policy contract were complied with.	The investment choices that the member made [were/were not] complied with. <b>[Provide details of exceptions]</b>
<b>8</b>	<b>Benefits</b>	
8.1	Obtain a list from the administration system of lump sum benefits reflected as expenses in the Fund's Statement of Changes in Net Assets and Funds for the year under review and perform the following procedure:	
8.1.1	Compare the list to the respective general ledger benefit expense accounts reconciliation.	The list [agreed/did not agree] to the respective general ledger benefit expense accounts reconciliation. <b>[Provide details of exceptions and/or unexplained reconciling items]</b>
8.2	Select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedures:	
8.2.1	Compare the benefit per selected member to the administration system and authorised supporting documentation in accordance with the procedures of the Fund.	The benefit paid [agreed/did not agree] to the administration system and authorised supporting documentation in accordance with the procedures of the Fund. <b>[Provide details of exceptions]</b>
8.2.1	For death benefits, where a portion of the benefit had been reinsured by the Fund, inspect a bank deposit or an accrual raised for the recovery from the insurer.	The recovery from the insurer [was/was not] received/accrued by the Fund. <b>[Provide details of exceptions]</b>
8.3	Obtain a list of all benefits not yet paid at [period/year-end date], select a sample of the lesser of 50 benefits or 10% of the total number of benefits from the list and perform the following procedures:	

	Procedures	Findings
8.3.1	Agree whether the benefits that are not older than the period as set out in the Act or a shorter period defined by the rules are classified as unpaid.	The benefits that were not older than the period as set out in the Act [were/were not] classified as unpaid. <b>[Provide details of exceptions]</b>
8.3.2	<b>For preservation funds:</b> For withdrawals from member accounts prior to retirement age included in the sample: Inspect whether the withdrawal was made in terms of the restrictions on withdrawals as set out in the Income Tax Act and that the member record was updated for the reduction in service, the reduction in benefit and appropriately flagged as having received the one withdrawal.	For withdrawals from member accounts prior to retirement age the requirements of the Income Tax Act [were/were not] complied with and the member records [were/were not] updated. <b>[Provide details of exceptions]</b>
<b>9</b>	<b>Transfers</b>	
9.1	Compare the list of total section 14 transfers to and from the Fund to the corresponding accounts in the general ledger.	The list of total section 14 transfers to and from the Fund [agreed/did not agree] to the corresponding account in the general ledger. <b>[Provide details of exceptions]</b>
9.2	Obtain the list of section 14 transfers paid/received and accrued to and from the Fund throughout the [period/year] and select a sample of the lesser of 50 or 10% of the number of transfers in and the lesser of 50 or 10% of the number of transfers out, and perform the following procedures:	
9.2.1	Agree the section 14 transfers to and from the Fund to: g) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or h) the section 14(8) documentation as prescribed.	The section 14 transfers to and from the Fund [agreed/did not agree] to: g) the section 14(1) documentation as approved by the Registrar in respect of each transfer; and/or h) the section 14(8) documentation as prescribed. <b>[Provide details of exceptions]</b>
9.2.2	Inspect whether the transfers to and from the Fund were received/paid within 60 days of Registrar approval for S14(1) transfers and 180 days from application date for s14(8) transfers and whether the growth and investment return had been allocated from the effective date of the transfer to the date of final settlement.	The transfers to and from the Fund [were/were not] received/paid within 60 days of Registrar's approval for S14(1) transfers/180 days for S14(8) transfers and growth and investment return [was/was not] allocated from the effective date of transfer to the date of final settlement. <b>[Provide details of exceptions]</b>
9.2.3	In respect of unitised funds, select a sample of the lesser of 50 or 10% of the number of members transferred from other funds and recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt, investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>

	Procedures	Findings
9.3	<b>Individual transfers in and out/translocation benefits</b> Obtain the list of individual transfers in and out throughout the [period/year] ended on [insert period/year-end date], select a sample of the lesser of 50 or 10% of the number of individual transfers in, and perform the following procedures:	
9.3.1	Agree the transfers in and out to the approved recognition of transfer documentation.	The transfers in [agreed/did not agree] to the approved recognition of transfer documentation. <b>[Provide details of exceptions]</b>
9.3.2	In respect of unitised funds, recalculate the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt investment return was added from the date of receipt to the date of purchase).	The conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase. <b>[Provide details of exceptions]</b>
<b>10</b>	<b>Pensioners paid [Does not apply to Preservation Funds]</b>	
10.1	Obtain a copy of the list of pensioners and amounts paid for the [period/year] from the administration system and/or, for outsourced pensioners, confirmation from the insurer and perform the following procedure:	
10.1.1	Agree the total pensions paid for the [period/year] ended [insert period/year-end date] to the corresponding account reconciliation to the general ledger balance.	The total pensions paid [agreed/did not agree] to the corresponding account reconciliation to the general ledger balance for the [period/year] ended on [insert period/year-end date]]. <b>[Provide details of exceptions and / or unexplained reconciling items]</b>
10.2	Select a sample of the lesser of 50 or 10 % of the number of pensioners from the above list and perform the following procedures:	
10.2.1	Inspect the pensioner increases for authorisation by the Board of Fund or as authorised by the insurer on the administration system for member fund policies.	The pensioner increases [were/were not] authorised by the Board of Fund. <b>[Provide details of exceptions]</b>
10.2.2	Inspect evidence obtained by the administrator/Fund supporting the fact that the pensioners selected exist.	The evidence indicated that the pensioners selected [existed/did not exist]. <b>[Provide details of exceptions]</b>
10.3	Where the Fund has purchased an annuity in the name of the Fund, obtain a written confirmation from the annuity provider summarising movements from opening market value to closing market value and perform the following procedures:	
10.3.1	Agree the closing market value of the annuity to the annual financial statements.	The closing market value of the annuity [agreed/did not agree] to the annual financial statements. <b>[Provide details of exceptions]</b>



	Procedures	Findings
10.3.2	Agree the pensioner payment per the confirmation from the insurer to the pensions paid as disclosed in the notes to the annual financial statements.	The pensioner payment per the confirmation from the insurer [agreed/did not agree] to the pensions paid as disclosed in the notes to the annual financial statements. <b>[Provide details of exceptions]</b>
<b>11</b>	<b>General</b>	
11.1	Inspect evidence that the Fund's fidelity insurance cover was in place throughout the [period/year] ended on [insert period/year-end date], that the Fund's fidelity insurance cover extends after [period/year-end date] and report the date to which the subsequent fidelity insurance cover extends.	The Fund's fidelity insurance cover [was/was not] in place throughout the [period/year] ended on [insert period/year-end date], the Fund's fidelity insurance cover [extended/did not extend] after [period/year-end date]. The subsequent fidelity insurance cover extended to [date]. <b>[Provide details of exceptions]</b>
11.2	Confirm with the Fund's GLA insurer whether the GLA policy has lapsed at [year/period] ended [insert period/year end].	Per inspection of the confirmation, the GLA policy [has/has not] lapsed at [year/period] ended [insert period/year end]. <b>[Provide details of exceptions]</b>
11.3	Obtain the most recent statutory valuation report accepted by the Registrar dated [last valuation date of the Fund] and perform the following procedures:	
11.3.1	Report the funding status of the Fund per the report (whether the Fund was under-funded or fully funded).	The Fund was [under-funded/fully funded].
11.3.2	Where the Fund is under-funded, obtain evidence as to whether a scheme, as required in terms of section 18 of the Act in South Africa, has been approved by the Registrar.	A scheme, as required in terms of section 18 of the Act in South Africa, [had/had not] been approved by the Registrar. <b>[Provide details of exceptions]</b>

**SCHEDULE I 5 –Audit exempted funds**

*The report is not an audit report and is applicable for funds that are not subject to an audit*  
*The report to be signed by the Chairperson and two members of the Board of the Fund*

**REPORT OF THE BOARD OF FUND TO THE REGISTRAR OF PENSION FUNDS IN TERMS OF SECTION 15 IN RESPECT OF [NAME OF FUND] FOR THE PERIOD ENDED.....**

The Board of Fund confirms that, to the best of their knowledge and belief, having made such inquiries as they considered necessary for the purpose of appropriately informing themselves<sup>1</sup>:

1. Investment certificates in respect of the investments of the fund [were/were not] obtained from the investment manager/insurer.
2. Bank reconciliations were performed and reconciling items on the bank reconciliations for the bank accounts of the fund [were/were not] cleared by [insert date]. Explanations were [obtained/not obtained] for all material outstanding items not cleared by that date.
3. Member individual accounts-
  - 3.1 the relevant portfolios for member individual accounts (defined contributions funds as well as defined contribution section of hybrid funds), [were/were not] switched in accordance with the member's instruction/investment strategy (including life stage models) of the Fund and [were/were not] switched within a timeframe as specified in the service level agreement or client mandate between the administrator and the Fund;
  - 3.2 fees relating to switches deducted [were/were not] approved by the Board of Fund and [were/were not] agreed to in terms of authorised supporting documentation by the Board of Fund.
  - 3.3 the investments per product on the Asset Liability Match (ALM) reconciliation per product [agreed/did not agree] to the investment certificates in total.
  - 3.4 the member individual accounts on the ALM reconciliation per investment portfolio [agreed/did not agree] to the administration system and to the total member individual accounts as disclosed in the unaudited Statement of Net Assets and Funds.
  - 3.5 the total mismatch for all portfolios [was/was not] within the range as prescribed by the Registrar.
4. The transactions in the member and/or employer surplus account per the unaudited annual financial statements [were/were not] made in terms of the registered rules of the Fund and/or the Act.
5. Reserve accounts-
  - 5.1 The reserve and other accounts (e.g. pensioner accounts) held by the Fund and/or reflected in the actuarial valuation [were/were not] in accordance with the registered rules of the Fund.
  - 5.2 The movements in reserves and other related accounts [were/were not] permitted in terms of the registered rules of the Fund and/or the Act and/or the Act.
6. The Fund [had/did not have] the appropriate approval of the Registrar for any investments in accordance with the terms of section 19(4) of the Act (or not applicable – either where such investments are not held, or where the holding did not exceed 5% of the total assets as reflected in the unaudited financial statements).
7. Housing Loans–
  - 7.1 The list of housing loans granted to members by the Fund in terms of section 19(5) of the Act [agreed/did not agree] to the corresponding account in the unaudited annual financial statements.
  - 7.2 The value of the housing loan(s) provided [exceeded/did not exceed] the amount permitted by the rules and the home loan agreement.
  - 7.3 Repayments [were/were not] made against the housing loan(s) and [were/were not] in accordance with relevant the loan agreement(s).
  - 7.4 The interest rate on the housing loans [agreed/did not agree] to the prescribed rate.
  - 7.5 In the case of housing loans granted by the Fund [was/was not] registered as a credit provider under the NCA.

<sup>1</sup> Notes:

- Delete where not applicable.
- Exceptions should be disclosed.

- 8 Guarantees granted for housing loans to members-
  - 8.1 The housing loan guarantee(s) [did/did not] exceed the value of the benefit that the member would become entitled to had they withdrawn, as at the end of the period, in terms of the Act, the loan agreement and/or the registered rules of the Fund.
  - 8.2 The housing loan guarantee [had/had not] been granted in terms of Section 19(5)(a).
- 9 Loans [were/were not] granted and/or investments [were/were not] made as prohibited in terms of section 19(5B).
- 10 Contributions –
  - 10.1 The contributions received by or on behalf of the Fund [agreed/did not agree] to the remittance advice from the participating employer/pay-point.
  - 10.2 Contributions [were/were not] deposited with a registered bank in accordance with section 13A of the Act and late payment interest [had/had not] been raised in terms of regulation 33, where applicable.
  - 10.3 Amounts disclosed as arrear contributions at [period/year-end] [have/have not] been paid to the Fund within the prescribed period in accordance with the requirements of section 13A of the Act.
  - 10.4 The relevant steps as prescribed in terms of regulation 33 have been complied with in the recovery of arrear contributions.
- 11 Benefits –
  - 11.1 The benefits [have/have not been paid] in accordance with the rules of the Fund, provide details of exceptions.
  - 11.2 The recovery of death benefits, where a portion of the benefit had been reinsured by the Fund, from the insurer [was/was not] received/accrued by the Fund.
  - 11.3 The benefits that complies with the definition of “unclaimed benefits” in the Act [were/were not] classified as unclaimed.
- 12 Pensions / Annuities-
  - 12.1 The schedule of total pensions paid [agreed/did not agree] corresponds to the amount as reflected in the unaudited financial statements for the fund.
  - 12.2 The pensioner increases [were/were not] authorised by the Board of Fund.
  - 12.3 The evidence indicated that the pensioners selected [existed/did not exist].
  - 12.4 Where the Fund has purchased an annuity in the name of the Fund, the closing market value of the annuity [agreed/did not agree] to the unaudited annual financial statements.
  - 12.5 The pensioner payment per the confirmation from the insurer [agreed/did not agree] to the pensions paid disclosed in the notes to the unaudited annual financial statements.
- 13 Section 14 transfers –
  - 13.1 The list of section 14 transfers to and from the Fund [agreed/did not agree] to the corresponding amount(s) reflected in the unaudited financial statements.
  - 13.2 Section 14 transfers to and from the Fund [agreed/did not agree] to the section 14(1) documentation as approved by the Registrar in respect of each transfer and/or the section 14(8) documentation as prescribed.
  - 13.3 The transfers to and from the Fund [were/were not] received/paid within 60 days of Registrar approval for section 14(1) transfers and 180 days from the application date for section 14(8) transfers and growth and investment return [was/was not] allocated from the effective date of transfer to the date of final settlement.
  - 13.4 For individual transfers, the transfers [agreed/did not agree] to the approved recognition of transfer documentation.
  - 13.5 For individual transfers, the conversion of transfers from other funds [was/was not] correctly calculated and, where units were purchased after date of receipt, investment return [was/was not] added from the date of receipt to the date of purchase.
- 14 Sufficient fidelity insurance cover [was/was not] in place throughout the [period/year] ended [insert period/year-end date]. The Fund’s fidelity insurance cover [extended/did not extend] after [period/year-end]. The subsequent fidelity insurance cover extended to [date].
- 15 The total premiums for the Fund’s insured benefits [have/have not] been paid to the insurer within the contracted payment period. The following policies lapsed as a result of the under- or non-payment of premiums:[Insert details]
- 16 Financial soundness –
  - 16.1 Per the most recent statutory valuation signed and submitted by the valuator as at [last valuation date of the Fund], the Fund was [under-funded/fully funded].
  - 16.2 A scheme, as required in terms of section 18 of the Act, [had/had not] been approved by the Registrar and had/ had not been implemented.
- 17 Regulation 28–
  - 17.1 We have reviewed Annexure B to Schedule I (“the Annexure”), Assets of the Fund held in Compliance with Regulation 28 of the Act of [insert name of fund] set out on pages [insert page no] to [insert page no] at [insert date].

In our opinion, the Annexure <does/ does not>represents, in all material respects, the assets of the fund in compliance with Regulation 28.

17.2 Regulation 28 compliant certificates for investments in linked insurance policies (as defined in the Long Term Insurance Act) and/or collective investment schemes [were/were not] obtained from the relevant registered insurer/collective investment scheme manager/investment manager and the certificate states that the linked insurance policies and/or collective investment schemes [is/is not] Regulation 28 complaint.

17.3A certificate in respect of the guaranteed policy(ies) as determined in regulation 28(8)(iii) issued by the statutory actuary of the long-term insurer certifying that it is consistent with the guidance issued by the Registrar of Long-term Insurance [has/has not] been obtained.

<signature>

**CHAIRPERSON**

<Insert name>

<insert date>

<signature>

**BOARD MEMBER**

<Insert name>

<insert date>

<signature>

**BOARD MEMBER**

<Insert name>

<insert date>

**SCHEDULE IB 1 – Large funds** (*ordinary, umbrella, retirement annuity and preservation funds*)**SCHEDULE IB****INDEPENDENT AUDITOR'S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28 TO THE BOARD OF FUND**

We have audited Schedule IB "Assets held in compliance with Regulation 28" of [name of fund] (the Fund) at ..... 20XX (the Schedule) for compliance with the requirements of Regulation 28 of the Pension Funds Act of South Africa (the Regulation), as set out on pages [xx] to [xx]. Our engagement arises from our appointment as auditor of the Fund and is for the purpose of assisting the Board of Fund to report to the Registrar of Pension Funds (the 'Registrar').

The information contained in Schedule IB has been extracted from the Fund's underlying accounting records that were the subject of our audit engagement on the annual financial statements and forms the subject matter of this engagement. Our audit of the annual financial statements of the [name of fund] for the year ended [xxxx] was conducted in accordance with International Standards on Auditing and in our report of [insert date] we expressed an unmodified opinion<sup>1</sup> on the financial statements, prepared, in all material respects, with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

**The Board of Fund's Responsibility for the Schedule**

The Board of Fund is responsible for the preparation of the Schedule in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and in compliance with the Regulation, and for such internal control as the Board of Fund determines is necessary to enable the preparation of the Schedule that is free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion based on our audit of the Schedule. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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<sup>1</sup> Consider the effect on the opinion where the auditor's report on the annual financial statements of the Fund is modified. (Refer to ISA 805.14 to 16 in this regard). If the auditor is unable to issue an unmodified report on the Schedule in accordance with the requirements of Regulation 28, the auditor considers the implications for the auditor's opinion on the annual financial statements.

## **Opinion<sup>2</sup>**

In our opinion, Schedule IB “Assets held in compliance with Regulation 28” at ..... 20XX by [name of fund] has been prepared in all material respects in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and in compliance with the Regulation.

## **Restriction on Use**

Without modifying our opinion, we draw attention to the purpose of our report as indicated in the introductory paragraph, and the basis of accounting. Consequently, the Schedule and our auditor’s report may not be suitable for another purpose.

### *Auditor’s Signature*

Name of individual registered auditor

Registered Auditor

Date of auditor’s report

Auditor’s address

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<sup>2</sup> Should the auditor’s opinion be modified, then the basis for the qualified/adverse opinion paragraph should be included in the report that provides sufficient detail regarding the instances of non-compliance with Regulation 28 identified, or disagreement with the basis of interpretation/valuation applied by the fund, to enable the FSB to deal with the matter or issue identified in the appropriate manner.