

FINANCIAL SERVICES BOARD

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To all privately administered funds, administrators, administering insurers and other interested parties

PROPOSED NEW FINANCIAL STATEMENTS FOR RETIREMENT FUNDS

Attached please find the proposed financial statements for Large (both privately administered as well as underwritten) Funds, to be submitted to the Minister of Finance for approval and promulgation in the Gazette.

As set out previously, the matrix for the implementation of the withdrawal of audit exemption is as follows:

	Privately Administered Funds	Underwritten Funds
Accounting basis	Accrual basis	Cash basis (Accrual basis optional)
Large	Full Scope Audit	Full Scope Audit
Small	Limited assurance audit	Limited assurance audit
Mini	Audit Exempt Certification by principal officer, chairperson, a trustee and responsible person at administrator.	Audit Exempt Certification by principal officer, chairperson, a trustee and responsible person at administrator.

The audit requirements or certification set out above is the minimum required, therefore, small funds have the option to opt for a full scope audit and Mini funds the option of a limited assurance audit or full scope audit. The audit report for small funds and the certification for mini funds have not been finalised and the specific formats are therefore not yet published on the website. However, the financial statements for these two categories will be the same as for the large funds with the exception of the audit reports contained therein, which will be replaced by the audit report for small funds and certification for mini funds.

Following consultation, the current reporting formats will be amended in order to be effective for all financial year-ends ending during 2005 and that the withdrawal of audit exemption will be effective for all financial year-ends from 2006. Since the Registrar has to prepare an annual report to the Minister of Finance for a calendar year, we will not be able to accommodate two different reporting formats, (being the old and new format). It is therefore requested that all financial reporting for year-ends during 2005 be submitted in the revised format.

After due consultation, the limits for the categorization of funds have been amended as follows:

1. Mini Funds

In order to qualify as a mini fund annual contributions should not exceed R150 000 **and** total assets should not exceed R500 000. Funds that qualify as a mini fund may report in the format prescribed for small and large funds including the audit requirements.

2. Small Funds

In order to qualify as a small fund annual contributions should not exceed R350 000 **and** total assets should not exceed R6 000 000. Funds that qualify as a small fund may report in the format prescribed for large funds including the audit requirements.

3. Large Funds

Funds which do not qualify for the abovementioned categories must comply with the reporting requirements for large funds.

Once the financial statements for all funds for year-ends during 2005 have been received, the limits set out above will be consulted on again and possibly revised.

The Registrar has granted a general extension of time to submit the prescribed financial statements to previously audit exempt funds until 31 August 2006. Where privately administered funds experience difficulty in the preparation and finalisation of its financial information in the revised format, application should be made to the Registrar timeously and extension of time will similarly be considered.

The Registrar is providing an electronic submission platform to enable retirement funds to submit financial statements electronically. Funds and administrators are requested to

align their systems to enable electronic submission to the Registrar as soon as possible. It is anticipated that for all financial year-ends ending from January 2006, the annual financial statements will only be accepted if submitted electronically but applications for extension will be reasonably considered in terms of the existing Circular PF91 for reasons given above.

Kindly contact Ms Loraine de Swardt on (012) 428-8020 or lorained@fsb.co.za with any questions or concerns in respect of the electronic submission of financial statements.

Should you have any further enquiries kindly contact this Office.

Yours faithfully

ALTA MARAIS
FOR: REGISTRAR OF PENSION FUNDS