



Financial Sector
Conduct Authority

**NOTICE REGARDING THE PUBLICATION OF DRAFT PRUDENTIAL STANDARD
[-] OF 2022 (RF)**

**REQUIREMENTS RELATED TO REGULATORY REPORTING AND AUDITED
FINANCIAL STATEMENTS FOR PENSION FUNDS**

FINANCIAL SECTOR REGULATION ACT, 2017

PENSION FUNDS ACT, 1956

The Financial Sector Conduct Authority (Authority) hereby invites, in terms of section 98(1)(a)(iv) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), submissions on the draft Prudential Standard [-] of 2022 (RF) – Requirements related to Regulatory Reporting and Audited Financial Statements for Pension Funds, to be made in terms of section 15 of the Pension Funds Act, 1956 (No. 24 of 1956) and section 105(1) of the FSR Act, read with section 292(2)(b), (3) and (4) of the FSR Act, as set out in the Schedule.

The draft Prudential Standard, together with a supporting statement is available on the website of the Authority at <https://www.fsca.co.za>.

Submissions on the draft Prudential Standard must be made using the submission template available on the Authority's website and submitted in writing on or before **18 January 2023** to the Authority at FSCA.RFDStandards@fsca.co.za.

A handwritten signature in black ink, appearing to read 'Unathi Kamlana', is written over a large, light grey watermark that says 'DRAFT'.

**UNATHI KAMLANA
COMMISSIONER
FINANCIAL SECTOR CONDUCT AUTHORITY**

Date of Publication: 09 November 2022

SCHEDULE

PRUDENTIAL STANDARD [-] OF 2022 (RF)

1. Definitions and application

- (1) In this schedule “**the Act**” means the Pension Funds Act, 1956 (Act No. 24 of 1956) and any word or expression to which a meaning has been assigned in the Act shall bear the meaning so assigned to it, and, unless the context otherwise indicates -

“**additional voluntary contributions**” in relation to a contribution means any amount over and above a member’s normal contribution that a member or employer effects to pay in order to secure additional benefits;

“**conceptual framework**” means the “Conceptual Framework for Financial Reporting” as contemplated in IFRS and issued by the IASB;

“**collective investment scheme**” has the meaning assigned to in terms of section 1 of the Collective Investment Schemes Control Act, 2022 (No.45 of 2002);

“**cost**” means the amount of cash or cash equivalent paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

“**derivative**” has the meaning assigned to it in terms of section 1 of the Financial Markets Act, 2012 (No.19 of 2012);

“**guaranteed policies**” has the meaning assigned to it in Item 5 of Table 1 to Schedule 2 of the Insurance Act, 2017 (No.18 of 2017);

“**IAS**” means the International Accounting Standards endorsed and amended by the IASB;

“**IASB**” means the International Accounting Standards Board;

“**IFRS**” means the International Financial Reporting Standards issued by the IASB;

“**IRBA**” means the Independent Regulatory Board for Auditors as referred to in the definition of ‘Regulatory Board’ in section 1 of the Auditing Professions Act, 2015 (Act No. 26 of 2015);

“**linked policies**” has the meaning assigned to it in Item 6 of Table 1 to Schedule 2 of the Insurance Act, 2017 (No.18 of 2017);

“**material**”, “**materiality**” and “**materially**” in relation to financial statements means omissions or misstatements that individually or collectively influence the economic decisions taken by users based on the financial statements; and

“**reinsurance proceeds**” means proceeds that are paid to a member in case of death or disability.

- (2) Any term used in an Annexure or Schedule to this Prudential Standard has the meaning assigned to such term as defined in subparagraph (1), and -

“**CF**” means Conceptual Framework;

“**FSRA Conduct Standard 1 of 2019 (RF)**” means the Conduct Standard: Section 14 Transfers, 2018; and

“IRBA’s SAAP Statement” means IRBA’s South African Auditing Practice Statement;

2. Application

- (1) This Prudential Standard is applicable to all pension funds registered under the Act, regardless of the total value of assets held by a fund.
- (2) The registered rules (rules) of a fund must be adhered to in terms of the financial matters related to the fund and its financial policies.
- (3) The financial statements of a fund must, unless indicated to the contrary herein, be prepared in accordance with IFRS.

3. Regulatory reporting requirements for funds

A fund must comply with the regulatory reporting requirements set out in Annexures A and B of this Prudential Standard when preparing its financial statements.

4. Financial Statements

- (1) A fund must submit the following Schedules reflected in Annexure B to the Authority in relation to its revenue, expenditure and financial position at the end of every financial year of the fund, in accordance with the period specified in section 15 of the Act -

ITEM	SCHEDULE IN AFS	DESCRIPTION	NOTE NUMBER	DETAILS
1	Schedule A	Regulatory information	n/a	Additional Trustee statistical information e.g. race, gender, etc. Additional columns and legends
4	Schedule D	Report by the independent auditor	n/a	Hyperlink to IRBA website for the illustrative ISRS 4400 (revised) reports as per type of fund
5	Schedule E	Report by the board of fund	n/a	Removing of reconciliation of membership from schedule E to schedule HA (see note 8.3 on Schedule HA)
8.3	Schedule HA (continued)	Notes to the financial statements	1.3 Plant & Equipment (subject to operating lease) (Current period)	New note on Operating leases to be added
8.4	Schedule HA (continued)	Notes to the financial statements	1.4 Plant & Equipment (Right of use assets) (Current period)	New note on Operating leases to be added
8.5	Schedule HA (continued)	Notes to the financial statements	1.5 Plant & Equipment (subject to operating lease) (previous period)	New note on Operating leases to be added
8.6	Schedule HA (continued)	Notes to the financial statements	1.6 Plant & Equipment (Right of use assets) (previous period)	New note on Operating leases to be added
8.7	Schedule HA (continued)	Notes to the financial statements	1.7 Impairment	New note on Impairment to be added
8.17	Schedule HA (continued)	Notes to the financial statements	8.1 Benefits – current members	Additional column for number of members to be added
8.18	Schedule HA (continued)	Notes to the financial statements	8.2 Benefits – Benefits in terms of surplus apportionment	Additional column for number of members to be added
8.19	Schedule HA (continued)	Notes to the financial statements	8.3 Reconciliation of membership	To be moved from Schedule E and added as a new note on Schedule HA
8.20	Schedule HA (continued)	Notes to the financial statements	9 Unclaimed benefits	Additional column for number of members to be added
8.24	Schedule HA (continued)	Notes to the financial statements	13 Net investment income	A new item “Other” to be added
8.25	Schedule HA (continued)	Notes to the financial statements	13.1 Other income	A new item “Other” to be added
8.27	Schedule HA (continued)	Notes to the financial statements	14.1 Board of fund expenses	More detail to be added to the note
8.30	Schedule HA (continued)	Notes to the financial statements	14.4 Deputy principal officer expenses	A new note “Deputy principal officer expenses” to be added

ITEM	SCHEDULE IN AFS	DESCRIPTION	NOTE NUMBER	DETAILS
8.32	Schedule HA (continued)	Notes to the financial statements	16.1 Financial liabilities	More detail to be added to the note
8.33	Schedule HA (continued)	Notes to the financial statements	16.2 Provisions	A new note for "Provisions" to be added separately
8.41	Schedule HA (continued)	Notes to the financial statements	24 Cash at bank	A new note "Cash at bank" to be added
10	Schedule I	Report of the independent auditor	n/a	Hyperlink to the IRBA website for the section 5 agreed upon procedures reports for different types of funds
12.6	Schedule IA	Notes to the investment schedule	F Security Lending	New columns for "initial margin" and "variation margin" to be added
12.7	Schedule IA	Notes to the investment schedule	G1 Derivative positions without residual risk	New columns for "initial margin" and "variation margin" to be added
12.8	Schedule IA	Notes to the investment schedule	G2 Derivative positions without residual risk	New columns for "initial margin" and "variation margin" to be added
12.11	Schedule IA	Notes to the investment schedule	J Hedge funds	New columns for "initial margin" and "variation margin" to be added
12.17	Schedule IA	Notes to the investment schedule	P Reconciliation between the investments in Schedule H2 and Schedule IA	Infrastructure investments column to be added
13	Schedule IB	Assets held in compliance with regulation 28	Regulation 28(8) Exclusions	The investments excluded from reporting in terms of regulation 28(8) to be removed.
13.1	Schedule IB	Assets held in compliance with regulation 28	8.1 Hedge funds	The item "Hedge funds" to be disclosed separately as paragraph 8.1
13.2	Schedule IB	Assets held in compliance with regulation 28	9.1 Private equity funds	The item "Private equity funds" to be disclosed separately as paragraph 9.1
13.3	Schedule IB	Assets held in compliance with regulation 28	10.1 Other assets not referred to in this schedule	The item "Other assets not referred to in this schedule" to be disclosed separately as paragraph 10.1
13.4	Schedule IB	Assets held in compliance with regulation 28	11.1 Overall limit for infrastructure across all classes	The item "Overall limit for infrastructure across all classes" to be added as paragraph 11.1
13.5	Schedule IB	Assets held in compliance with regulation 28	11.2 Overall limit for all instruments per entity/issuer	The item "Overall limit for all instruments per entity/issuer" to be added as paragraph 11.2
13.6	Schedule IB	Notes to the investment schedule	New Table for Infrastructure	A new Table "Reporting in respect of infrastructure assets" to be added
14	Schedule IB	Report of the independent auditor on compliance with Regulation 28	n/a	Hyperlink to IRBA website for the reg 28 dual audit report

5. Short title, commencement and repeal

- (1) This Prudential Standard is called Regulatory Reporting Requirements for Pension Funds and Prescribed Audited Financial Statements, 2022, and comes into operation six (6) months after date of publication.
- (2) This following Notices are hereby repealed -
 - (a) Regulatory Reporting Requirements for Retirement Funds published in Board Notice 14 of 2009 in Government Gazette No. 31838 of 4 February 2009;
 - (b) Prescribed Financial Statements Applicable to the Different Categories of Funds published in Board Notice 77 of 2014 in Government Gazette No. 37844 of 18 July 2014;
 - (c) Exemption from Regulation 28(8)(b) – Requirements for Audit Certificate of Compliance with Regulation 28, published in PF Notice 2 of 2014 on the website of the Authority on 20 October 2014;

- (d) Exemption of Large Funds from Certain Prescribed Formats for Preparing Financial Statements under section 15 of the Pension Funds Act, 1956 published in FSCA RF Notice 5 of 2020 on the website of the Authority on 5 March 2020; and
- (e) Exemption of funds from using certain prescribed formats for preparing financial statements under section 15 of the Pension Funds Act, 1956 published in FSCA RF Notice 5 of 2022 on the website of the Authority on 14 April 2022.

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ANNEXURE A

REGULATORY REPORTING REQUIREMENTS FOR RETIREMENT FUNDS

1. Financial Statements

- (1) A fund must, in terms of section 15 of the Act, prepare and submit its financial statements within six months of its financial year to the Authority, in accordance with the Regularly Reporting Requirements for Pension Funds prescribed in this Prudential Standard read together with the IRBA's SAAP Statement, IFRS, CF and IAS.
- (2) The audit report and factual finding reports to the financial statements of a fund must comply with the requirements of the IRBA.
- (3) The financial statements and the accounting framework as prescribed in this Prudential Standard are applicable to any regulatory instrument issued by the Authority.
- (4) The rules of the fund must be adhered to in terms of the financial matters related to the fund and its financial policies.

2. Reporting Concepts

- (1) These concepts do not address any specific measurement or disclosure issues, nor do they override anything specifically dealt with in any other chapter of the regulatory reporting requirements. If a conflict between these concepts and specific sections of the regulatory reporting requirements are identified, the specific section of the regulatory reporting requirements will prevail over the concepts.
- (2) The concepts deal with the:
 - (a) objective of financial statements;
 - (b) qualitative characteristics that determine the usefulness of information in financial statements; and
 - (c) definition, recognition and measurement of the elements from which financial statements are constructed.
- (3) The Board of the fund (Board) has the primary responsibility for the preparation and presentation of the financial statements. The Board is also interested in the information contained in the financial statements even though it has access to additional information that helps it carry out its responsibilities. The Board has the ability to determine the form and content of such additional information in order to meet its own needs. The reporting of such information is beyond the scope of these concepts and the regulatory reporting requirements.
- (4) The objective of the financial statements is to provide information about the financial position and financial performance and changes in the financial position of the retirement fund that is useful to the Authority. To meet the objective, financial statements provide information about a fund's assets, liabilities, funds and reserves and income and expenses (including gains and losses).
- (5) The information in the financial statements is, however, limited by the fact that the financial statements largely portray the financial effects of past events.
- (6) Financial statements also reflect the accountability of the Board for the resources entrusted to it.

- (7) A complete set of financial statements comprises:
 - (a) a statement of net assets and funds as at the end of the period;
 - (b) a statement of changes in net assets and funds for the period;
 - (c) notes, comprising a summary of significant accounting policies and other explanatory information;
 - (d) comparative information in respect of the preceding period; and
 - (e) any other information the Authority may deem appropriate.
- (8) With regard to financial position, this is primarily provided in the statement of net assets and funds. Information about performance of and changes in the financial position is primarily provided in the statement of changes in net assets and funds. The component parts of the financial statements interrelate because they reflect different aspects of the same transactions or other events.
- (9) The financial statements also contain notes and supplementary schedules and other information that is relevant to the Authority regarding items reflected in the statement of net assets and funds and the statement of changes in net assets and funds.
- (10) With regard to financial reporting frameworks and the auditor's report, the South African Auditing Practice Statement (SAAPS) provides that:
 - (a) in order to determine the acceptability of the financial reporting framework, the Auditor establishes whether the financial statements are prepared to meet the common financial information needs of a wide range of users (general purpose of financial statements) or the financial information needs of specific users (special purpose financial statements);
 - (b) a financial reporting framework, whether a general purpose or a special purpose, may be classified as either a fair presentation framework or a compliance framework;
 - (c) a financial reporting framework, whether prescribed by law or regulation or management, established by a standard setter where the entity may not deviate from its prescribed form and content, is a compliance framework. When the financial statements are prepared in accordance with a compliance framework the auditor is not required to evaluate whether the financial statements achieve fair presentation;
 - (d) the report of the independent auditor refers to the purpose of the financial statements and contains an 'emphasis of matter' paragraph alerting users of the auditor's report that the financial statements are prepared in accordance with a special purpose framework and that, as a result, the financial statements may not be suitable for another purpose;
 - (e) when the auditor expresses an unmodified opinion in accordance with a compliance framework, the opinion states that 'the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework; and
 - (f) when a fund does not describe the financial statements as complying with the reporting requirements unless it complies with all the requirements of the regulatory reporting requirements.
- (11) The underlying assumption of accrual is set out in sections 27 and 28 of IAS 1. The going concern underlying assumption is set out in section 3.9 of the CF.
- (12) The qualitative characteristics of useful financial information is applicable to financial information contained in the financial statements and are discussed in sections 2.1 to 2.38 of the CF. The two qualitative characteristics are:
 - (a) Relevance which is discussed in section 2.6 to 2.10 of the CF. The concept of materiality in relation to relevance is discussed in section 2.11 of the CF; and
 - (b) Faithful representation discusses substance over form in sections 2.12 to 2.19, 4.59 and 4.69 of CF. This characteristic stipulates that if information is to

represent faithfully the transactions and other events it purports to represent, it must be necessary it is accounted for and presented with substance and economic reality and not in legal form. However, in the retirement funds environment where an event requires approval by the Authority, it must not be accounted for until the approval is obtained. The Act will in all cases supersede the rules of the fund.

- (13) The usefulness of financial information that is relevant and provides a faithful representation of what it purports to represent are enhanced by the following:
 - (a) Comparability which is discussed in sections 2.24 to 2.29 of the CF. The regulatory requirements stipulate the prior year figures or amounts must not be adjusted for changes in accounting policies and errors. Further that full disclosure should be given in the current year, where possible to facilitate comparability.
 - (b) Verifiability is discussed in sections 2.30 to 2.32 of the CF. This concept assures that the economic information faithfully represents what it purports.
 - (c) Timeliness is discussed in section 2.33 of the CF which highlights the importance of having information available in time to enable decision makers capable of influencing their decisions; and
 - (d) Understandability is discussed in sections 2.34 to 2.36 of the CF which provides that clarifying, characterising and presenting information clearly and concisely makes it understandable.
- (14) Certain constraints affect relevant and reliable information in financial reporting. These are the balance between benefit and cost and the balance between various qualitative characteristics. These constraints are discussed in sections 2.39 to 2.43 and 2.20 to 2.22 of the CF.
- (15) The elements of the financial statements are the financial position, assets, liabilities, income and expenses. The elements that are produced in the form of statements are discussed in section 3.2 to 3.3 of the CF. Section 4.2, 4.3 to 4.25, 4.26 to 4.47, 4.68 to 4.72 and 5.1 to 5.5 of the CF elaborates further on financial position, assets, liabilities, income and expenses.
- (16) The element directly related to the measurement of financial position is funds and reserves and may be sub-classified in the statement of net assets. This is the residual interest in the assets of the fund after deducting all the liabilities. The creation of reserves in a fund is required by the Act and the rules of the fund.
- (17) The elements directly related to the measurement of performance are income and expenses. Income is the increase in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in funds and reserves. Expenses are decreases in economic benefits during the accounting period in the form of outflows or the depletion of assets or incurrence of liabilities that result in decreases in funds and reserves, other than those relating to distributions or transfers of funds and reserves. The description of income and expenses identify its essential features but do not specify the criteria that should be met before it is recognised in the statement of changes in net assets and funds.
- (18) Recognition and measurement of the above elements of the financial statements are discussed in section 5.1 to 5.25 and 6.4 to 6.95 of the CF.

3. Investments

- (1) With regard to presentation and disclosure, investments are included under non-current assets in the statement of net assets and funds. The note for investments is in the form of an investment summary, It includes information on the valuation of the investment

property and owner-occupied property. Allocations between local and foreign assets must be given.

- (2) Categorisation and measurement at amortised cost or fair value of the investment are also disclosed.
- (3) Line items that relate to insurance policies and collective investment schemes are required to include the total of investment policies split between local and foreign assets.
- (4) Reconciliations of the opening to the closing balance of investment and owner-occupied property is disclosed in the notes. The line item for transfer to or from owner occupied properties is used when the nature of the use of the property changes from an investment property to property, plant and equipment and vice versa.
- (5) With regard to initial recognition section 3.1.1 of IFRS 9 provides that purchases and sales of financial assets are recognised on trade date which is when the retirement fund commits to purchase or sell the asset.
- (6) Section 3.2 and 3.3 of IFRS 9 prescribes criteria for derecognition.
- (7) Section 5.1 and 5.2 to 5.3 of IFRS 9 provides specific criteria for initial and subsequent measurement of financial assets.
- (8) Offsetting occurs with financial assets and liabilities. This is in instances when the fund has a legally enforceable right to set off the recognised amounts and intends to sell on a net basis realise the asset and settle the liability simultaneously.

4. Housing Loan Facilities

- (1) In terms of section 19(5) of the Act and the rules of the fund, a fund may grant a loan to a member or furnish a bank guarantee to a member for a housing loan.
- (2) The housing loan or guarantee is granted against security such as the member's benefit or immovable property that belongs either to the member or his spouse or is occupied by the member or his dependent. For purposes of disclosure the member fund credit provided as surety should be considered and disclosed.
- (3) The rate of interest charged on direct fund housing loans may not be less than the rate of interest prescribed by regulation unless a specific exemption is granted.
- (4) Housing loans plus the interest accrued are redeemable over a period not exceeding thirty years in equal monthly or weekly instalments. If the period extends beyond the normal retirement date of the member, the outstanding balance of the housing loan may not exceed one-third of the total value of the benefit due to the member at the retirement date.
- (5) The principles for recognition and measurement of housing loan facilities are expanded in section 3.1 and 5.1.1 to 5.2.3 of IFRS 9.
- (6) Relating to presentation and disclosure housing loans are disclosed as a single line item under non-current assets in the statement of net assets and funds. The details of the movement on direct housing loans are disclosed in the housing loan facilities note.

- (7) Interest on housing loans is disclosed under net investment income in the statement of changes in net assets and funds. Amounts defaulted on housing loans by active members are disclosed as benefits in the statement of changes in net assets and funds.
- (8) Reconciliation of housing loans from the beginning to the end of the period is disclosed in the notes. Major categories of movements such as housing loans granted, repaid, interest capitalised on outstanding loans, or any significant adjustments are included in detailed columns.
- (9) With regard to housing loans guarantees granted to financial institutions, the following additional disclosures must be furnished:
 - (a) Name of the financial institution;
 - (b) Value of the guarantee and the guarantee facility;
 - (c) Expiry/renewal date of the guarantee facility;
 - (d) Number of guarantees; and
 - (e) Total percentage of the member's benefit.

5. Reserves

- (1) Categories, rights and entitlements to reserves are defined in the Act and the rules of the retirement funds. The amounts allocated to the reserves are described in the Act and/ or the rules of the fund.
- (2) With regard to recognition and measurement reserve accounts are particular amounts of designated income and expenses. These accounts are recognised in the period when such income and expenses accrue to the fund.
- (3) The total of all the fund's reserves is disclosed under the funds and liabilities section in the statement of net assets and funds. The total of the reserves must be adjusted for transactions affecting each reserve account.
- (4) Movement in reserve accounts are reflected under the appropriate reserve column with the corresponding line item. The total should agree with the gross total of all reserves in the statement of net assets and funds. With "investment return allocated reserve accounts" the amounts represent the investment return that is allocated to the total of the reserve accounts. With "transfer between reserve accounts" these amounts are as a result of accounting corrections or actuarial proposals. The amounts of "transfer between reserve accounts" are explained in a separate line item.
- (5) Details of all transactions that impacted on the various categories of reserves are disclosed in the notes. These transactions provide for allocations to and from the various reserves. The allocation of investment return to each reserve account must be represented by the investment return earned from the underlying investments or allocated by the fund rules where the underlying investments are not allocated directly to reserves. Income incurred should be allocated appropriately to each reserve account.

6. Surplus

- (1) The Act entitles members and former members to surpluses within a defined period. Surplus calculations are based on the first statutory valuation of the fund. Any surplus determined by the valuator which arises after the surplus apportionment date must be

dealt with in terms of the rules. If the rules are silent, then the provisions of the Act will prevail.

- (2) Surplus apportionments are recognised on the date when the surplus apportionment scheme is approved by the Authority.
- (3) It is measured at the values contained in the surplus apportionment scheme on the surplus appointment date of the fund. These amounts are adjusted for investment return or late payment interest until date of approval the scheme as guided by the Act or rules.
- (4) With regard to presentation and disclosure surplus amounts on surplus apportionment date must include any historical surplus improperly utilised by the employer, with such instances defined in the Act:
- (5) Upon approval of the surplus scheme, the long-term portion of any improper use of surplus by a participating employer is recognised in the statement of net assets and funds as a non-current asset. The current portion that is any amount due to the fund within a year is disclosed under current assets.
- (6) A contribution holiday taken by a participating employer after the surplus apportionment date but prior to the approval of the surplus apportionment scheme is considered an improper utilisation of surplus. These amounts of surplus improperly utilised should be disclosed under current assets.
- (7) The member surplus account contains surplus allocated to current and former members of the retirement fund. Once the surplus apportionment scheme is approved, the amounts of surplus assigned to the active members and former members on surplus appointment date are transferred to the member surplus account. This account is disclosed as a separate line item under the members' funds and surplus account line item for defined contribution funds and the funds and surplus account line item for defined benefit funds.
- (8) The employer surplus account contains surplus allocated to the employer. This account is governed by the Act and the rules of the fund. Once the surplus apportionment scheme is approved, the amounts of surplus assigned to the employer on the surplus apportionment date are transferred to the employer surplus account.
- (9) The employer surplus account is disclosed under non-current liabilities, as the period within which the employer surplus account may be utilised cannot be determined at the surplus apportionment date.
- (10) Where surplus benefits become due on surplus approval date to former members or pensioners and such individuals cannot be traced, these creditors for surplus benefits should be disclosed as "unclaimed surplus apportionment benefits". This scenario should reflect correctly under non-current liabilities to ensure that no expenses are deducted and that such persons are not released as per Regulation 35(4).
- (11) "Surplus apportionment expenses payable" are any expenses related to the surplus apportionment scheme such as legal expenses, surplus benefit administration expenses and tracing costs. These expenses are payable at the end of the reporting period and are disclosed as part of accounts payable under current liabilities. If in terms of the rules of the fund, a reserve account has been created for these expenses, then these expenses are disclosed as set out in reserves above.
- (12) In the statement of changes in net assets and funds, surplus is presented and allocated as follows:

- (a) Contributions transferred from employer surplus account
The employer surplus account may be applied towards a limited number of uses prescribed in the Act. These include the enhancement of benefits to existing members of the fund and contribution holiday. The utilisation of the employer surplus account should be debited to 'reserves' and credited to 'member's individual accounts'.
- (b) Surplus improperly utilized
The surplus apportionment scheme determines whether the retirement fund surplus was previously improperly utilised and is due and payable to the fund upon approval of the surplus apportionment scheme. This repayment is regarded as income to the fund and is allocated appropriately to the relevant surplus accounts per the approved surplus apportionment scheme.
- (c) Investment return allocated – benefits payable on surplus apportionment
This line item relates to the investment return that is allocated to the surplus benefits payable to former members and pensioners which have not been moved to unclaimed benefits.
- (d) Investment return allocated – surplus accounts
The line item represents the investment return that is allocated to the member surplus accounts per the approved surplus apportionment scheme.
- (e) Investment return allocated –surplus transfers to other funds
This line item represents the investment return that is allocated to the transfers of surplus to the other funds.
- (f) Surplus apportionment
When the Authority approves the surplus apportionment scheme, surplus is allocated to the member surplus account and the employer surplus account. Surplus apportionment to the member surplus account is reflected as a surplus apportionment allocation.
- (g) Transfers between reserve accounts and the employer surplus account – intra-fund allocation
This line item represents transfers between reserve accounts and the employer surplus account.
- (h) Transfers between reserve accounts and the member surplus account – intra-fund allocation
This line item represents transfers between the reserve accounts and the member surplus account.
- (i) Allocations from the surplus accounts for benefit enhancements to current members – intra-fund allocation
This line item represents surplus allocated to current members from the member surplus account to members' individual accounts (defined contribution funds) or accumulated funds (defined benefit funds).
- (j) Allocations from the surplus accounts for benefit enhancements to former members – intra-fund allocation
This line item represents surplus benefits, which become payable to former members, allocated from the member surplus account. Surplus is payable to individuals.

- (k) Allocations from the surplus accounts for benefit enhancements to pensioners – intra-fund allocation
This line item represents surplus which is allocated to pensioners from the member surplus account. Surplus is allocated to individual pensioners.
 - (l) Allocations from the surplus accounts for benefit enhancements to unclaimed benefits – intra-fund allocation
This line item represents surplus which is allocated to unclaimed benefits from benefits that had accrued and not paid resulting from the member surplus account. Surplus may be allocated to individual unclaimed benefits.
 - (m) Allocations to the surplus accounts in respect of transfers from other funds
Surplus received from other funds in terms of section 15B transfers into the fund is allocated to the applicable surplus account. If the surplus relates to specific defined members, the surplus is recognised as surplus transfers received and is then moved from the member surplus account to the member's individual account/accumulated funds, using the 'allocations from the surplus accounts for benefit enhancements to current members' line item. The corresponding individual member fund credits are enhanced with these values.
 - (n) Allocations from the surplus accounts for transfers to other funds
If part of the surplus is apportioned to members who have previously transferred out of the fund, the surplus is moved from the member surplus account to the 'surplus transfer payments' line item. (The note to that line item includes a section for section 15E transfers out of the fund.)

If part of the surplus is apportioned to an employer surplus account in another fund, the surplus is moved from the employer surplus account to the 'surplus transfer payments' line item. (The note to that line item includes a section for section 15E transfers out of the fund.)
 - (o) Administration expenses

Any administration expenses related to the surplus apportionment exercise are included in administration expenses but then allocated against contingency reserves created for this purpose.
- (13) For certain transactions, accounts and arrangement surplus is disclosed in the notes to the financial statements as follows:
- (a) Accounts receivable
With respect to surplus, this note may contain, for example, the current portion of the surplus improperly utilised receivable.
 - (b) Benefits
Minimum benefits which are payable to current members in terms of the surplus apportionment scheme are reflected in a separate line item in the benefits note, including details of the movement of such minimum benefits during the reporting period.
- (14) The benefits note also contains a sub-section for benefits payable in terms of surplus apportionment scheme. Enhancements to pensioners and enhancements to former members are separately disclosed. A reconciliation of the surplus benefits from the beginning of the period to the end of the period is provided, as follows:
- (a)

- (i) At the beginning of the period – the enhancements due to pensioners and enhancements due to former members at the beginning of the reporting period, reflected on the statement of net assets and liabilities under current liabilities;
 - (ii) Surplus allocated – the amount recognised as an expense during the reporting period in the statement of changes in net assets and funds. The amount should agree to the surplus apportionment scheme that has been approved by the Authority, taking into account returns from the surplus apportionment date to date of allocation;
 - (iii) Return allocated – the net investment return allocated to benefits due in terms of surplus apportionment scheme;
 - (iv) Payments – the actual amounts paid during the reporting period, to be deducted from preceding amounts; and
 - (v) At the end of the period – the enhancements due to pensioners and enhancements due to former members at the end of the reporting period, reflected in the statement of net assets and funds under current liabilities.
- (b) Unclaimed benefits
Any allocation of surplus made to unclaimed benefit members will be separately disclosed in this note. Surplus allocated to former members or pensioners who cannot be traced will be included in the unclaimed benefits.
- (c) Accounts payable
This note may contain surplus apportionment expenses payable at the end of the reporting period.
- (d) Administration expenses
Surplus apportionment expenses, for example valuator's fees, former member representative fees, legal fees and tracing costs, are included in the administration expenses note. It is required to disclose these as a separate line item, in order for these expenses to be identified for allocation against the appropriate contingency reserve.
- (e) Related party transactions
The following transactions and balances may be related party transactions and should be disclosed accordingly:
 - (i) Surplus improperly utilised;
 - (ii) Surplus improperly utilised receivable; and
 - (iii) Employer surplus account
- (f) Surplus and reserve accounts
The surplus accounts and reserves are combined in one note. Each account is explained individually below. The total column of the combined reserves and surplus accounts is included in the statement of changes in net assets and funds, on a line-by-line basis.
- (g) Member surplus account
The note requires a detailed movement analysis for the reporting period, with details of each increase and decrease in the member surplus account.
- (h) Employer surplus account
The note includes detailed disclosure of all transfers into the employer surplus account, and the application thereof during the reporting period.
- (i) Surplus improperly utilised receivable

This non-current asset note requires a detailed reconciliation of the amounts established as due and payable to the fund, the return allocated on unpaid debt and any amounts received or transferred from the balance of the employer surplus account for the reporting period. The amount is split between the portion payable within one year (current assets) and the remainder (non-current assets). Details of the employer(s) from which surplus improperly utilized is due, the repayment periods involved, and the origin of the surplus improperly utilized (such as a contribution holiday) are disclosed.

(j) Contingencies

If a surplus apportionment scheme has been submitted to the Authority but has not yet been approved at the end of the reporting period, the relevant contingent assets and liabilities are disclosed. These could include:

- (i) Contingent asset – surplus improperly utilised receivable;
- (ii) Contingent liability – employer surplus account (participating employer);
- (iii) Contingent liability – benefits to former members.

7. Transfers

- (1) Transfers to and from other funds are the controlled movement of membership between retirement funds prior to the normal retirement date of the members.
- (2) Prospective transfers constitute blanket transfers where the number of members and amounts are not known at the effective date of the section 14(1) application.
- (3) In case of an amalgamation or transfer contemplated in section 14(8) of the Act, a fund does not have to submit a scheme for the proposed transaction to the Authority. The Authority is not required to issue a certificate that all the requirements of section 14(1) of the Act were complied with.
- (4) Section 14 transfers to and from a fund are recognised on the date of approval of the scheme or arrangement of transfer of business by the Authority, as contained in the section 14(1)(e) approval certificate obtained from the Authority.
- (5) In terms of section 14(8) recognition of section 14(2)(b), conditions imposed by FSRA Conduct Standard 1 of 2019 (RF)¹ or any regulatory instruments issued by the Authority must be adhered to.
- (6) Legal form prevails over substance in terms of section 14 transfers and not on receipt of the actual transfer value. Section 14 is recognized on approval by the Authority when section 14(1) certificate is issued by the Authority.

Section 13A (5) and section 14 transfers are measured at the values as per the section 14 application or the value of the transfer at effective date of transfer adjusted for investment return or late payment interest.

¹ Conditions for Amalgamation and Transfers in terms of Section 14 of the Act.

- (7) Transfers receivable and transfers payable in terms of sections 13A(5) and 14 of the Act are disclosed under current assets and current liabilities, respectively, in the statement of net assets and funds.
- (8) These amounts relate only to the portion of transfers to other funds and transfers from other funds which have not been received from the transferor fund or paid to the transferee fund. The transfer amounts due are adjusted by the investment return, as arranged in the transfer application.
- (9) Transfers from other funds and transfers to other funds are disclosed as separate line items under transfers and benefits in the statement of changes in net assets and funds. The transfer amounts, inclusive of investment return, enhances or reduces the members' individual accounts.
- (10) The notes disclose the following categories of transfers:
 - (a) Section 14;
 - (b) Section 15(B); and
 - (c) Individual.
- (11) For each scheme or arrangement of transfer, the following is disclosed in the notes:
 - (a) The effective date of the transfer
For section 14 or section 15B transfers this is the date when the transfer application made to the Authority. With individual transfers this is the date reflected in the approved recognition of transfer documentation.
 - (b) The number of members transferred to and from the fund
This number could differ from the number of members in the original transfer application, due to exits from the transferor fund between the effective date and date of approval of the transfer. The number should therefore be reconciled for any movement in the numbers between the date when the application was lodged and the date when the transfer approval was granted. It should be reconciled to either the section 14 or section 15B application or to the recognition of transfer for an individual transfer. The number of members disclosed must agree with the actual number of members transferred, as per the reconciliation retained by both funds contained in FSRA Conduct Standard 1 of 2019 or any other regulatory instruments issued by the Authority;

- (i) Various reconciliation of transfers receivable or payable as reflected in the statement of net assets and funds that show transfers of surplus receivable or payable at the beginning of the reporting period under current assets and current liabilities;
 - (ii) transfers approved as the amount recognised as income and benefits during the reporting period. The amount should agree to the transfer approved in the section 15B application. Where there are valid differences, these adjustments are made in the column for assets transferred;
 - (iii) return on transfers which are the net investment return allocated to surplus transfers from or to the other funds guided by the approved surplus apportionment scheme and transfer application;
 - (iv) assets transferred in the form of cash received or paid or investments transferred during the reporting period that will be deducted from the transfer amounts due;
 - (v) transfers of surplus receivable or payable at the end of the reporting period during the period under current assets and current liabilities; and
 - (vi) the total of transfers applied for but not yet approved by the Authority. The transfer should not be accrued but disclosed separately in the notes to the financial statements. This is merely an enhanced disclosure and does not affect the value of the fund. The value disclosed is the best estimate of the transfer value at the date of preparing the financial statements and should correspond to the amount in the section 14 transfer application adjusted by the relevant investment return
- (12) The same disclosure is required for transfers to and from the fund. Where there are more than ten transfers to other funds or more than ten transfers from other funds, only a combined total is disclosed in the notes to the financial statements. The financial statements must indicate that details of such transfers to and from other funds are available for inspection at the registered address of the retirement fund.
- (13) Surplus transfers from other funds or to other funds, in terms of section 15B, are disclosed per information supplied by the transferor fund.

8. Accounts Receivable and Accounts Payable

- (1) Accounts receivable and accounts payable balances consist of accounts such as prepaid expenses or accrual for expenses not yet paid at year-end such as audit fees.
- (2) Recognition and measurement criteria for accounts receivable and accounts payable are provided for in sections 3.1, 5.1.1 to 5.2.3 and 5.3.1 to 5.3.2 of IFRS 9.
- (3) With regard to presentation and disclosure accounts receivable and accounts payable are disclosed as separate line items on the face of the statement of net assets and funds under current assets and current liabilities.
- (4) The accounting policy for accounts receivable and accounts payable must be disclosed in the financial statements. A detailed list of items that constitute accounts receivable and accounts payable balances are disclosed in the notes. It can include items such as the current portion of housing loans and the liability of the employer surplus account.

9. Plant and Equipment

IAS 16 stipulates criteria for recognition and measurement and presentation and disclosure for plant and equipment.

10. Impairment

IAS 36 stipulates criteria for recognition and measurement and presentation and disclosure for impairment.

11. Provisions, Contingent Assets and Contingent Liabilities

IAS 37 stipulates criteria for recognition and measurement and presentation and disclosure for impairment.

12. Contributions

- (1) In terms of section 13(A)(3) of the Act, and the rules, any contributions due by the member and/or the participating employer must be paid over to the fund or insurer within seven days after the end of the month after which such contribution is payable.
- (2) In accordance with section 13A(7) the implications of not receiving the contributions and banking it before the expiry of the period mentioned above is that interest will be payable on the outstanding contributions from the first day following the expiry of the period in respect of which the contributions had to be paid.
- (3) The rules of the fund provide information on the frequency, rates, the members and/or employer's contribution.
- (4) With regard to recognition and measurement, contributions are accrued and recognised as income in accordance with the rules of the fund and actuarial recommendations.
- (5) Contributions received are apportioned between retirement funding and funding for risk expenses. The apportionment is governed by the rules of the fund and actuarial recommendations.
- (6) Voluntary contributions are recognised when they are received for annual payments or accrued where monthly recurring payments are made.
- (7) Any contributions outstanding at the end of the reporting period are recognised as a current asset and are contributions receivable.
- (8) Any contributions received in advance at the end of the reporting period are recognised as a current liability and are contributions payable.
- (9) Contributions received and accrued only include cash payments from the employer and not contributions funded from reserve or surplus accounts. These contributions include:

- (a) member contributions (contributions received and accrued and additional voluntary contributions);
 - (b) employer contributions (contributions received and accrued and additional voluntary contributions); and
 - (c) additional contributions in respect of actuarial shortfall as per the valuator's report.
- (10) The employer is required to pay in full to the fund any contribution deducted from the members' remuneration and any contribution for which the employer is liable to pay in terms of the fund rules.
- (11) Contributions transferred from reserve accounts include any contributions that are funded from the reserve accounts of the fund. This caters for any contribution holiday before surplus apportionment. After surplus apportionment has been approved, a contribution holiday will be funded from the employer surplus account.
- (12) Contributions transferred from surplus accounts include any contributions that are funded from the surplus accounts. This relates to any contribution holiday after surplus apportionment has been approved and the corresponding utilisation of the employer surplus account and the member surplus account has been approved.
- (13) Compound interest on late payments or unpaid amounts and values shall be calculated for the period from the first day of the month following the expiration of the period in respect of which the relevant amounts or values are payable or transferable until the date of receipt by the fund. Interest at a rate as prescribed from time to time by the Authority:
- (a) the amount of any contribution transmitted into a fund's bank account later than seven days after the end of the period for which such a contribution is payable;
 - (b) the amount of any contribution received;
 - (i) by a fund that has been forwarded directly to the fund in such a manner as to have the fund receive the contribution later than seven days after the end of that month; or
 - (ii) in the case of a fund where, in operating as a fund, its assets consist exclusively of one or more policies of insurance with an insurer carrying on life insurance business as contemplated in the Insurance Act, 2017, forwarded to the insurer concerned in such as to have the insurer receive the contribution later than seven days after the end of that month; and
 - (c) the value of any benefit, or right to any benefit, not transferred by the first fund to the other fund before the expiration of 60 days of the date of such person's written request to do so.
- (14) With regard to presentation and disclosure contributions receivable are disclosed separately under current assets. Contributions received in advance must be disclosed under contributions payable and specified in the detailed note on the nature of contributions payable.

- (15) Contributions are disclosed in the following line items:
- (a) Contributions received and accrued;
 - (b) Contributions transferred from reserve accounts; and
 - (c) Contributions transferred from surplus accounts.
- (16) With regard to contributions received and accrued the total amount received and accrued during the current reporting period is disclosed within the respective columns for member's individual accounts/accumulated funds and reserve accounts. The reserve account column will be used where the rules of the fund provide that a certain portion of the employer's contribution is allocated to a reserve account. This is applicable, for example, where the risk portion of the contributions paid by the employer is allocated to a risk reserve account.
- (17) Contributions received and accrued only include cash payments from the employer and not contributions funded from reserve or surplus accounts.
- (18) Any amount of contributions that are funded will be negative in the reserve accounts column of the fund and positive in the accumulated funds' column. This line caters for any contribution holiday before surplus apportionment. After surplus apportionment has been approved, a contribution holiday will be funded from the employer surplus account. Any contribution holiday taken after the surplus apportionment date but before the surplus scheme has been approved must be repaid to the fund (contravention of section 15A(3)). The fund rate of return should be added to the contributions due to the fund. The contributions should be disclosed separately in the note to the financial statements as contributions in respect of contribution holiday.
- (19) Any contributions that are funded from the surplus accounts will show as a line item. This account relates to any contribution holiday after surplus apportionment has been approved and the corresponding utilisation of the employer surplus account and the member surplus account has been approved.
- (20) Each category of contributions is disclosed in the notes as follows:
- (a) member contributions (showing separately: contributions received and accrued and additional voluntary contributions);
 - (b) employer contributions (showing separately: contributions received and accrued and additional voluntary contributions); and
 - (c) additional contributions in respect of actuarial shortfall as per the valuator's report.
- (21) In respect of each category of contributions above, a reconciliation of the net amount of contributions due to or by the fund from the beginning to the end of the reporting period is disclosed in the notes, showing contributions towards retirement plus contributions towards reinsurance and expenses, less contributions received during the period. The amount charged as interest on late payment of contributions is disclosed as a separate line within the net investment income note. Any interest on late payment of contributions outstanding at the end of the reporting period is disclosed as accrued income under the accounts receivable note.

13. Benefits

- (1) The benefit payments to members are determined in accordance with the rules of the fund and the Act.
- (2) The member can choose to receive the total or portion of benefits as an annuity

- (3) In the retirement funds environment, an annuity can be in the form of various scenarios. The accounting treatment for the three annuities are detailed in the table below:

Benefit scenario 1 (in-sourced)	Transfer scenario 2 (outsourced)	Investment decision scenario 3
Annuity purchased at retirement in terms of the rules of the fund in the name of the member.	Annuity purchased after retirement in the name of the member.	Annuity purchased before or after retirement in the name of the fund. With this scenario.
Circular PF100 sets out the conditions and circumstances for a fund to be released of all obligations towards a member on his or her retirement (i.e. full and final settlement of the liability). Although annuity is in member name, conditions & circumstances of fund determines future obligations towards member.	This will constitute a transfer of business in terms of section 14 of the Act. With this scenario member liability ceases after the transfer.	This constitutes an investment decision of the fund. The member liability still exists within the fund and therefore the assets should still be reflected as an investment of the fund.

Statement of changes in net assets and funds	Statement of changes in net assets and funds	Statement of changes in net assets and funds
Insourced benefit.	Benefits and transfers out of the fund.	Income from investments if the cash flows through the fund bank account. Adjustment to the fair value of investments. Benefits and transfers out if the cash flows through the fund bank account.
The purchase of the policy of insurance constitutes the payment of a benefit under benefits awarded. Benefits awarded in the notes to the financial statements require the payment for the policy of insurance in the name of the member.	The purchase of the policy of insurance constitutes a transfer under transfers out. The financial statements require the payment for the policy of insurance to be shown under section 14 transfers of the Act in the revenue account transfers out. The transfer should only be recognised in terms of the section 7.	In the notes to the financial statements under investment income the annuities received should be disclosed as a separate line item called policy income purchased policies. adjustment to fair value should be reflected in the revenue account under adjustment to fair value of investments combined together with the fair value adjustments of other investments but separately maintained in the general ledger. The payment of pensions constitutes the payment of a benefit under benefits awarded. Benefits awarded in

		the notes to the financial statements require the payment of pensions to be shown under pensions paid.
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Statement of net assets and funds	Statement of net assets and funds	Statement of net assets and funds
<p>No additional disclosure apart from the cash flows, as the policy of insurance is in the name of the individual member and is his or her property.</p> <p>No further reference needs to be made.</p> <p>Note that all the requirements in Circular PF100 must be met for the arrangement not to fall within the ambit of section 14 of the Act.</p>	<p>No additional disclosure apart from the cash flows, if the transaction has been settled in terms of section 14 of the Act.</p> <p>However, if the transaction has not been settled at year-end it should be reflected as a transfer outstanding under accounts payable. The liability should only be provided for if the Authority approval for the section 14 transfer has been obtained. In the event of the section 14 transfer being applied for but not yet approved at year-end a contingent liability note reflecting the values and the number of pensioners transferring should be made.</p> <p>No further reference needs to be made.</p> <p>Note that all the requirements of section 14 of the Act must be met.</p>	<p>The policy of insurance should be reflected as an investment under investments. In the notes to the financial statements the policy of insurance should be shown as a separate line item under investments.</p> <p>In the financial statements the accounting policy should state that policies of insurance are accounted for at fair value.</p>

- (4) With regard to recognition and measurement benefits payable and pensions must be measured in terms of the rules of the fund. Benefit and monthly pension payments are recognised as an expense when it is due and payable in terms of the rules of the fund. Any benefits not paid at the end of the reporting period are recognized as a current liability as benefits payable or due.

The payment of pensions constitutes the payment of a benefit under benefits awarded. The note disclosure for benefits awarded requires the payment of pensions to be shown under pensions paid.

- (5) With regard to presentation and disclosure benefits payable are disclosed in the statement of net assets and funds as a separate line item. Unclaimed benefits are disclosed as a separate line item under non-current liabilities. Benefits are disclosed as a separate line item on the statement of changes in net assets and funds. Net investment income allocated to unclaimed benefits is disclosed as a separate line item in the statement of changes in net assets and funds.
- (6) A reconciliation of the benefits payable to members from the beginning to the end of the period is included in the notes as:
 - (a) monthly pensions;
 - (b) lump sums on retirement (showing separately: full benefits and pensions commuted);
 - (c) lump sums before retirement (showing separately: disability benefits, death benefits, withdrawal benefits, and retrenchment benefits);
 - (d) minimum benefit payments in terms of section 15;
 - (e) defaults on housing loan facilities while still a member of the retirement fund; and
 - (f) any other relevant benefits paid by the fund.
- (7) Benefits payable are disclosed in the notes as 'benefits – current members' and 'benefits in terms of surplus apportionment'.
- (8) In respect of each category of benefits above, a reconciliation of benefits payable from the beginning to the end of the reporting period is disclosed that shows separately:
 - (a) benefits for the current period plus investment return (usually late payment interest) allocated to such benefits after the effective date of exit by the member;
 - (b) less benefits paid during the period; and
 - (c) benefits transferred to unclaimed benefits to reflect the net amount of benefits due by the fund.

This note combines:

 - (a) the value disclosed in the statement of changes in net assets and funds;
 - (b) the value of the benefits paid (via the bank account of the fund) and;
 - (c) the net amount per category of benefits, which remained unpaid at the year-end of the fund.
- (9) A reconciliation of benefits payable in terms of surplus apportionment from the beginning to end of the period is disclosed in the notes and are analysed between:
 - (a) enhancements to pensioners, which are not within the fund; and
 - (b) enhancements to former members.
- (10) In respect of each category of benefit listed above, a reconciliation of the balance at the beginning of the period to the end of the period is disclosed, showing separately the surplus allocated during the current period in terms of the surplus apportionment scheme plus investment return allocated, less payments made and transfers to unclaimed benefits.
- (11) When benefits payable become unclaimed during the reporting period, these benefits must be reflected as unclaimed benefits, and are shown separately under non-current liabilities in the statement of net assets and funds.
- (12) A reconciliation of unclaimed benefits from the beginning to the end of the period must disclose the following:
 - (a) the total amount of unclaimed benefits at the beginning of the period;
 - (b) any additional unclaimed benefits transferred from benefits payable;
 - (c) the investment return allocated to unclaimed benefits (which is disclosed as a separate line item in the statement of changes in net assets and funds and must agree with the investment policy, as disclosed in the trustees report);

- (d) details of certain expenses incurred, which are borne directly by the unclaimed beneficiaries (including tracing expenses and administration expenses);
- (e) the amount of benefits previously unclaimed that has been paid during the current period; and
- (f) the total amount of unclaimed benefits at the end of the period

14. Investment Income

(1) Recognition and measurement principles for various forms of investment income is discussed below:

- (a) **Indirect dividends**
Indirect dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established. This is the last date to trade for equity securities. For financial assets designated at fair value through the statement of changes in net assets and funds, the dividend income forms part of the fair value adjustment.
- (b) **Direct dividends**
Direct dividend income is recognised in the statement of changes in net assets and funds when the right to receive payment is established. This is the last date to trade for equity securities. Direct dividend income shall be recognised in the statement of changes in net assets and funds under net investment income.
- (c) **Interest**
Interest income in respect of financial assets held at amortised cost is accounted for in the statement of changes in net assets and funds using the effective interest rate method.
- (d) **Rentals**
Rental income is accounted for in the statement of changes in net assets and funds on a straight-line basis over the period of the rental agreement, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Property expenses shall be recognised in the statement of changes in net assets and funds under net investment income.
- (e) **Collective investment schemes' distribution**
Distributions from collective investment schemes are recognised when the right to receive payment is established.
- (f) **Income from policies with insurance companies**
Income from investment policies with insurance companies is included in the adjustment to the movement of the financial asset.
- (g) **Interest on late payment of contributions, surplus improperly utilised and/or loans and receivables**
Interest on late payment of contributions, surplus improperly utilised and/or loans and receivables is accounted for in the statement of changes in net assets and funds using the effective interest rate method.
- (h) **Adjustment to fair value**
Gains or losses arising from changes in the fair value of 'financial assets at fair value through the statement of changes in net assets and funds' are presented in the statement of changes in net assets and funds in the period in which they arise.

- (i) Expenses incurred in managing investments
Expenses in respect of the management of investments are recognised as the service is rendered.
 - (j) Interest paid on borrowings
Interest expense is accounted for in the statement of changes in net assets and funds using the effective interest rate method.
- (2) With regard to presentation and disclosure rental income on investment property is reflected in the net investment income note. Adjustments to fair value are recognised in the statement of changes in net assets and funds under net investment income.
- (3) In relation to net investment income the following should be noted:
- (a) 'Collective investment schemes' distribution' refers to the income earned on collective investment schemes;
 - (b) Income from insurance policies is not segregated into the underlying income earned from the underlying assets. It is aggregated and allocated to this line item and;
 - (c) adjustment to fair value will include revaluations and devaluations, as well as the vested and non-vested portion of a non-market-related insurance policy, provided the definition of an asset is met.

15. Other income

- (1) If the rules permit, a fund may reinsure the benefits with an insurance company or be self-insured and will be regarded as other income.
- (2) When a reinsured benefit becomes payable, reinsurance proceeds are received in the from the insurance company or, in the case of a self-insurance scheme, from the fund itself. The reinsurance proceed is then paid out with the members' normal benefit.
- (3) With regard to recognition and measurement reinsurance proceeds:
 - (a) are measured at the fair value of the consideration received or receivable; and
 - (b) are accrued and recognised as income at the same time as the recognition of the related claim.
- (4) With regard to presentation and disclosure reinsurance proceeds:
 - (a) are disclosed as a separate line item on the statement of changes in net assets and funds
 - (b) receivable are disclosed in the notes as a separate line item included in the accounts receivable.

16. Expenses

- (1) Costs across funds must be disclosed in the prescribed format issued by the Authority to ensure transparency of all charges, costs, reduction in yield etc.
- (2) Miscellaneous costs and changes must be fully disclosed and specified.
- (3) Expenses are defined in line with the registered rules for a fund and is approved in terms of

an expense policy. Examples of expenses may include but not limited to:

- (a) Administration fees
These fees are attributable to unclaimed benefits and collectible from the unclaimed beneficiaries. Administration fees are in terms of the rules credited against expenses and debited against unclaimed benefits. Administration fees are disclosed within the prescribed annual financial statements.
- (b) Reinsurance expenses
These expenses are:
 - (i) Approved reinsurance premiums
These relate to premiums for risk policies entered into by the fund and a registered insurer.
 - (ii) Unapproved reinsurance premiums for unapproved benefits in terms of the registered rules of the fund:
- (4) These relate to insurance premiums entered into by the employer and the registered insurer. The premiums are paid to the fund for onward payment to the insurer and not a liability to the fund. As an unapproved reinsurance premium (expense) must be netted off against the contributions from the employer, it must therefore not be recognized in the financial statements.
- (5) Other miscellaneous expenses
 - (a) These expenses are usually tracing expenses. In accordance with the rules other expenses are attributable to unclaimed benefits and collectible from the unclaimed beneficiaries.
 - (b) The expenses are credited against expenses and debited against unclaimed benefits.
 - (c) Any expenses related to the surplus apportionment exercise will be included in (other) expenses but may then be allocated against any contingency reserves created for this purpose.
- (6) Recognition and measurement
 - (a) Expenses incurred are recognised in the statement of changes in net assets and funds in the reporting period to which they relate.
 - (b) In the event that an expense has not yet been paid at the end of the reporting period the liability will be reflected in the accounts payable note. If an expense has been paid in advance or has been overpaid, the asset will be disclosed in the accounts receivable note.
 - (c) An expense should be recognised if it is probable that any future economic benefit associated with the item will flow to or from the retirement fund; and the item has a cost or value that can be measured with reliability.
- (7) With regard to presentation and disclosure, administration fees, reinsurance premiums and other fund expenses are deducted to arrive at net income before transfers and benefits.

- (8) Disclosure is made in the notes, showing separately, but not confined to:
- (i) Administration fees;
 - (ii) Actuarial fees;
 - (iii) Audit fees – audit services, expenses, other;
 - (iv) Consulting fees;
 - (v) Fidelity insurance;
 - (vi) Levies;
 - (vii) Office expenses;
 - (viii) Operating lease payments;
 - (ix) Penalties;
 - (x) Principal officer fees, remuneration and expenses;
 - (xi) Staff expenses;
 - (xii) Secretarial fees;
 - (xiii) Trustee fees and remuneration; and
 - (xiv) Other general expenses (specify).
- (9) Any payment made to the principal officer in relation to services rendered to the retirement fund is disclosed in a separate note, showing:
- (i) Fees, remuneration and expenses as Board Member;
 - (ii) Remuneration – for example, travel allowance, salary, entertainment allowance;
 - (iii) Allowances – for example, meeting allowances;
 - (iv) Contributions to retirement fund;
 - (v) Bonus; and
 - (vi) Other payments – for example, expenses incurred relating to the rendering of services as a principal officer.
- (10) Any payment made to members of staff in relation to services rendered for the retirement fund is disclosed separately in a note, showing:
- (i) Remuneration (such as travel allowance, salary, entertainment allowance);
 - (ii) Contributions to retirement fund;
 - (iii) Training expenses; and
 - (iv) Other payments (such as other expenses relating to services rendered not included above).
- (11) Any payment made to members of the Board of Trustees in relation to services rendered to the retirement fund is disclosed separately in a note, showing:
- (i) Remuneration (such as travel allowance, salary, entertainment allowance, contributions to retirement fund);
 - (ii) Meeting allowances;
 - (iii) Expenses (such as expenses incurred relating to the rendering of services as members of the Board of Trustees);
 - (iv) Other payments (such as expenses incurred relating to the rendering of services as a principal officer and such as other expenses relating to services rendered not included above).
- (12) If expenses and surplus apportionment (including expenses incurred prior to the surplus apportionment scheme being approved) are to be allocated to a reserve account or to the member or employer surplus account, the expense line will also appear in the respective reserve or surplus note. Care should be taken to debit any expenses related to surplus apportionment exercises to the relevant reserve.

17. Operating Leases

Section 1 to 70 of IRFS 16 prescribes criteria for recognition, measurement, presentation and disclosure for operating leases.

18. Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 prescribes criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.

19. Related Parties

IAS 24 prescribes criteria for disclosures of related parties relationships and transactions.

20. Events after the Reporting Period

IAS 10 prescribes for events that arose after the reporting period and how the events must be adjusted.

21. Fair Value Measurement

IFRS 13 prescribes criteria for the measurement and disclosure of fair value.

DRAFT

**PRESCRIBED 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 SECTOR
CONDUCT
AUTHORITY
REGISTRATION NUMBER:**

For the period: T

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* Not subject to any engagement by an auditor

SCHEDULE A
REGULATORY INFORMATION
For the period ended

Registered office of the fund

Postal address:
 Physical address:

Financial reporting periods

Current: To
 Previous: To

<Insert reason for any change in the reporting period of the fund>

Board of Fund

Full name	Race	Gender	Minimum Skills and Training obtained including CPD	E-mail address	Capacity*	Date appointed or re-appointed date (for all Board members)	Date resigned (for all Board members)

- * -'MET' denotes member elected
- 'EAT' denotes employer appointed
- 'AT' denotes alternate
- 'CP' denotes chairperson
- 'IT' denotes independent
- 'S26' denotes section 26(2) appointment
- 'SAT' denotes sponsor appointed
- 'L' denotes Liquidator
- 'CR' denotes Curator
- 'SM' denotes Statutory Manager
- 'CPD' denotes continuing provisional development

- 'B' denotes black
- 'I' denotes indian
- 'C' denotes coloured
- W' denotes white
- 'Other' (specify race)
- M' denotes male
- 'F' denotes female
- '(N-B)' Non-binary

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:		
Date of appointment		

REGULATORY INFORMATION - CONTINUED
For the period ended

	Benefit administrator	Section 13B person	Fund consultant
Full name:			
Postal address:			
Physical address:			
Telephone number:			

Benefit administrator's registration number in terms of section 13B:	
Fund consultant's FAIS registration number	

	Investment administrator	Investment advisor
Full name:		
Postal address:		
Physical address:		
Telephone number:		

Investment administrator's FAIS registration number :	
Investment advisor's FAIS registration number	

	Risk insurer	Custodian and/or nominee
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:

<list participating employers>

OR

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

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 and in accordance with the provisions of Regulation 28.

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.

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
[Insert detail]	[Insert detail]	[Insert detail]

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 and timeframe relating to that
[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 required 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.

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

SCHEDULE D - REPORT OF THE INDEPENDENT AUDITOR OF THE FUND TO THE BOARD OF THE FUND IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS OF A FUND

Insert as per the relevant illustrative auditor's report approved by the Independent Regulatory Board for Auditors (IRBA) with concurrence from the Authority on www.irba.co.za

<https://www.irba.co.za/upload/Schedule%20D%20retirement%20funds%20audit%20report%20-%20Revised%20March%202018%20-%20updated%20Code%20paragraph%2013%20November%202019%20CFAS%20Issued%20March%202020.pdf>

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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>

1.2.4 Paid-up members' benefits

Strategy of the Board of Fund towards paid-up members' benefits. <Insert the strategy that the Board of Fund have adopted towards paid-up members' benefits 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.)*

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

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 Authority

- 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

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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 Authority 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.

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

- *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.*

Complies with any other requirements of the Authority (except in the following instances....).

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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.*
- *Complies with any other requirements of the Authority (except in the following instances...).*

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(s).*
- *The investments are monitored for compliance with the provisions of regulation 28 and adherence to the investment mandate*
- *Complies with any other requirements of the Authority (except in the following instances*

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 requirements of the Authority.***

2.2 Investment Policy Statement

2.2.1 *The board of fund confirms that the fund has an Investment Policy Statement (IPS) in place and that it applies/ does not apply the principles stipulated in Regulation 28(2)(c) at all times.*

2.2.2 *In terms of the provisions of Guidance Notice 1 of 2019 relating to Sustainability of Investment and assets in the context of a retirement fund's IPS, the board of a fund is encouraged to adopt sustainable reporting practices in the interest of transparency, accountability and fair treatment of its members.*

To this, regard details, the board of fund includes the following information which is prudent to disclose where possible on the note:

- *How a fund's IPS reflects the matters set out in the Guidance Notice;*
- *Any significant changes in the IPS during the reporting period, specifically including any changes relating to matters addressed in paragraph 4 of the Guidance Notice.*
- *Confirmation of whether every member who has requested a copy of the IPS has been provided with such a copy;*
- *Confirmation of any changes to the IPS from the previous year, including specifically any changes relating to matters set out in paragraph 4 of the Guidance Notice;*

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

- Assets held in compliance with the Guidance Notice and the class of the asset as per Annexure B to Schedule I of the prescribed financial statements;
- Value of assets held in compliance with the Guidance Notice; and.
- *Any other requirements of the Authority.*

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REPORT OF THE BOARD OF FUND - CONTINUED

For the period ended

2.3 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.

3 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 Authority 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 and progress made in approval and implementation of the scheme.]

Interim valuations/annual review should replicate the above paragraph

4 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 Authority 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 Authority on <insert date>. The Authority 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)

OR

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:

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.

5 HOUSING LOAN FACILITIES

The fund has been granted an exemption in terms of section 19(6)(a) 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 Authority 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 provide 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 x% of the respective member's fund credit. The annual rate of interest charged on outstanding loans was xx% for the reporting period.

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

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.

6 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 Authority has approved investments exceeding 5%, but not 10% of the fair value of the fund's investments for the period from xxx to xxxx. 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(6)(a) 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 Authority of Pension Funds.

9. Shares or any financial interest in another entity

The fund did not acquire or hold shares or any other financial interest in another entity which resulted in the fund exercising control over that entity during the period. Where applicable, approval was first obtained from the Authority in terms of section 19(5D) of the Act.

10. CYBERSECURITY

The Board of Fund has put in place appropriate controls to ensure compliance with the Requirements of the Authority.

11. BENEFIT PROJECTIONS

The Board of Fund has put in place appropriate controls to ensure compliance with the Requirements of the Authority.

12. ANNUITY STRATEGY

The Board of Fund has put in place appropriate controls to ensure compliance with the Requirements of the Authority.

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

13. 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 Authority 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.

14. ADDITIONAL DISCLOSURE

[Allows for additional disclosure, if needed.]

15. EVENTS AFTER THE REPORTING PERIOD

Adjusting events after the reporting period

An example

Outbreak of COVID-19

As the events arising as a result of Government interventions in response to the COVID-19 pandemic occurred before the reporting date, the Fund considers this to be an adjusting event and accordingly the financial effects resulting from the impact of COVID-19 have been reflected in the Fund's financial statements as at XXX.

Non-adjusting events after the reporting period

A fund shall disclose the following for each material category of non-adjusting event after the reporting period:

- The nature of the event; and
- An estimate of its financial effect or a statement that such an estimate cannot be made.

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

An example

Outbreak of COVID-19

As the events arising as a result of Government interventions in response to the COVID-19 pandemic only occurred after the reporting date, the Fund considers this to be a non-adjusting subsequent event and accordingly the financial effects resulting from the impact of COVID-19 have not been reflected in the Fund's financial statements as at XXX.

If an estimate of the financial effect can be made.

If an estimate of the financial effect cannot be made.

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SCHEDULE F
STATEMENT OF NET ASSETS AND FUNDS
 At

	Notes	Current period R	Previous period R
ASSETS			
Non-current assets			
Plant and equipment	1		
Investments (including investment and owner occupied properties)	2		
Housing loan facilities	3		
Surplus improperly utilised receivable	22		
Current assets			
Transfers receivable	5		
Accounts receivable	4		
Contributions receivable	12		
Cash at bank	24		
Surplus improperly utilised receivable	22		
Total assets			
<i>(Applicable to defined contribution funds)</i>			
FUNDS AND LIABILITIES			
Members' funds and surplus account			
Members' individual accounts			
Amounts to be allocated	23		
Member surplus account	21		
Reserves			
Reserve accounts	21		
Revaluation reserve: Property, plant and equipment	6		
Total funds and reserves			
<i>(Applicable to defined benefit funds)</i>			
FUNDS AND LIABILITIES			
Funds and surplus account			
Accumulated funds			
Member surplus account	21		
Reserves			
Reserve accounts	21		
Revaluation reserve: Property, plant and equipment	6		
Total funds and reserves			
Non-current liabilities			
Employer surplus account	21		
Financial liabilities	16.1		
Provisions	16.2		
Unclaimed benefits	9		
Current liabilities			
Transfers payable	7		
Benefits payable	8		
Accounts payable	10		
Retirement fund taxation	11		
Contributions payable			
Bank overdraft			
Total funds and liabilities			

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				
Net income before transfers and benefits					
Transfers and benefits					
Transfers from other funds	5				
Transfers to other funds	7				
Benefits	8				
Net income after transfers and benefits (carried forward)					

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
Net income after transfers and benefits (brought forward)					
Funds and reserves					
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					
Balance at end of period					

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.*

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended ...

PRINCIPAL ACCOUNTING POLICIES - CONTINUED

- *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.

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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended ...

PRINCIPAL ACCOUNTING POLICIES - CONTINUED

- 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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended ...

PRINCIPAL ACCOUNTING POLICIES - CONTINUED

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:

Buildings	25 – 40 years
-----------	---------------

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

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. A note on which the recognized impairment losses/ reversals are indicated and the affected classes of assets is included.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended ...

PRINCIPAL ACCOUNTING POLICIES - CONTINUED

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 Sector Conduct Authority. Individual transfers are recognised when the individual member's transfer is approved by the FSCA. In terms of section 14(8) recognition of section 14(2)(b) must be complied with and Conduct Standard 1 of 2019 or any regulatory instruments issued by the Authority in this regard. Legal form will prevail over substance in this regard. Complies with any other requirements of the FSCA

Related Parties

In considering each possible related-party relationship, attention is directed to the substance of the relationship and not merely the legal form.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended ...

PRINCIPAL ACCOUNTING POLICIES - CONTINUED

If there have been transactions between related parties, the Fund shall disclose the nature of the related party relationship as well as the following information for each related party relationship:

- *the amount of the transactions;*
- *the amount of outstanding balances;*
- *their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in the settlement;*
- *details of guarantees given or received;*
- *provisions for doubtful debts related to the amount of outstanding balances; and*
- *the expense recognised during the year in respect of bad or doubtful debts due from related parties.*

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	Other ^{Note 1}	Total
		Plant R	Computer equipment and software R		Office equipment R	Furniture and fittings R	R	R
Gross carrying amount								
At beginning of period								
Additions								
Disposals								
Revaluation reserve (note 6)								
Other movements								
At end of period								
Accumulated depreciation and impairment								
At beginning of period								
Depreciation charges								
Accumulated depreciation on disposals								
Impairment								
Other movements								
Net carrying amount at end of period								

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

e.g. 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	Total
	Plant R	Computer equipment and software R	Office equipment R	Office equipment R	Furniture and fittings R	Other R	R
Gross carrying amount							
At beginning of period							
Additions							
Disposals							
Revaluation reserve (note 6)							
Other movements							
At end of period							
Accumulated depreciation and impairment							
At beginning of period							
Depreciation charges							
Accumulated depreciation on disposals							
Impairment							
Other movements							
Net carrying amount at end of period							

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

1 Plant and equipment [SUBJECT TO OPERATING LEASES]

1.3 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 ^{Note 1} R	Total R
Gross carrying amount								
At beginning of period								
Additions								
Disposals								
Revaluation reserve (note 6)								
Other movements								
At end of period								
Accumulated depreciation and impairment								
At beginning of period								
Depreciation charges								
Accumulated depreciation on disposals								
Impairment								
Other movements								
Net carrying amount at end of period								

The above table is applicable when the fund is the **lessor**. This provides the right-of-use assets separately from other assets in paragraph 95 of IFRS 16. This provides usability and familiarity to users who are accustomed to the current template.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended...

1. Plant and equipment [RIGHT OF USE ASSETS]

1.4 Current period

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

*The above table is applicable when the fund is the **lessee**. This provides for "right-of-use assets separately from other assets" in paragraph 47 of IFRS 16. This provides usability and familiarity to users who are accustomed to the current template.*

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended...

1 Plant and equipment [SUBJECT TO OPERATING LEASES]

1.5 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 ^{Note 1} R	Total R
Gross carrying amount	<hr/>							
At beginning of period								
Additions								
Disposals								
Revaluation reserve (note 6)								
Other movements								
At end of period								
Accumulated depreciation and impairment	<hr/>							
At beginning of period								
Depreciation charges								
Accumulated depreciation on disposals								
Impairment								
Other movements								
Net carrying amount at end of period								

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended...

1 Plant and equipment [RIGHT OF USE ASSETS]

1.6 Previous period

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the period ended...

1.7 Impairments

During the period ending xx/xx/xxx, the fund recognised impairment losses[reversals] totalling R x xxx xxx. The following classes of assets were affected:

ASSET CLASS	IMPAIRMENT LOSS/REVERSAL	NOTE/S	CAUSAL CIRCUMSTANCES/EVENTS	KEY ASSUMPTIONS ON RECOVERABLE AMOUNT
Plant		XX		
Computer equipment and software		XX		
Office equipment		XX		
Furniture and fittings		XX		
Other (specify)		XX		

The above table ensures compliance with paragraphs 130, 131, and 132 of IAS 36. Paragraph 126 of the standard is addressed in the Property, plant and equipment as per the current reporting requirements

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

2 Investments

2.1 Investment summary

	A	B	A+B		Total Current period	Total Previous period	Fair value Current period	Amortised cost Current period	Categorised per Regulatory Framework
			Local	Foreign					
	Notes		R	R	R	R	R	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									
Total investments									

* 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 R	Additions R	Repaid/ Disposals R	Interest capitalised R	Other adjustments R	At end of period R
Cash						
Commodities						
Housing Loans						
Debt Instruments including Islamic debt						
Equities						
Investment properties and Owner Occupied Properties						
Hedge Funds						
Private equity Funds						
Other (<i>provide details</i>)						
TOTAL						

<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 Authority 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
TOTAL					

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

<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
----------	----------------------------	-----------------------------	------------------------------

(Provide details)

TOTAL

5	Transfers from other funds/ Transfers receivable							
	Effective date	No. of members	Applied for not yet approved (contingency)	A At beginning of period	B Transfers approved	C Return on transfers	D Assets transferred	A+B+C-D At end of period
			R	R	R	R	R	R

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

Total

Transfers approved (B)

Return on transfers (C)

Statement of changes in net assets and funds

*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

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

7 Transfers to other funds/ Transfers payable

	Effective date	No. of members	A+B+C-D		A	B	C	D	At end of period
			Applied for not yet approved (contingency) R	At beginning of period R	Transfers approved R	Return on transfers R	Assets transferred R		
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									
Total									
Transfers approved (B)									
Return on transfers (C)									
Statement of Changes in Net Assets and Funds									

* 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 ...

9. Benefits

8.1 Benefits – current members

	A	B	C	D	E	A+B+C-D-E		
	No of Members	At beginning of period	Benefits for current period R	Return allocated	Payments	Transferred to unclaimed benefits	R	At end of period R
		R		R	R	R		R
Monthly pensions								
Lump sums on retirement								
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>)								
Total (8.1)								
Benefits for current period (B)								
Return allocated (C)								
Statement of changes in net assets and funds								

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
No. of members	At beginning of period	Surplus allocated R	Return allocated R	Payments R	Transferred to Unclaimed Benefits R	At end of period R
Enhancements to pensioners						
Enhancements to former members						
Total benefits (8.2)						
Surplus allocated (B)						
Return allocated (C)						
Statement of changes in net assets and funds						
Total benefits (8.1 + 8.2)						

8.3 RECONCILIATION OF MEMBERSHIP

	Active members	Deferred pensioners (incl. paid up members)	Pensioners	Beneficiaries	Unclaimed benefits
Numbers at beginning of period					
Adjustments					
Additions					
Transfers in (Note 5)					
Transfers out (Note 7)					
Withdrawals (Note 8)					
Retirements (Note 8)				N/a	N/a
Retrenchments (Note 8)				N/a	N/a
Deaths (Note 8)					N/a
Transfers (from)/to pensioners / deferred pensioners (Note 8)					
Unclaimed Benefit paid (Note 9)					

Numbers at end of period

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.*

Non-citizens:

<List countries>

Note: Refer to definitions in the Act and rules for membership and where there is a conflict - the Act will override.

9 Unclaimed benefits

	No of members	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			
Balance at end of period			

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		
At end of period		

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)					
Total					
Towards retirement					
Toward re-insurance and expenses					

Statement of changes in net
assets and funds

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)		
Other Income (13.1)		
Less: Expenses incurred in managing investments	(1)	
Investment Consulting Fees		
Fees for Investment Managers		
Other (provide details)		
Less: Interest paid on borrowings		
Total		
(1) Provide basis for calculation, if applicable		

13.1 Other income

	Current period R	Previous period R
Bad debts recovered		
Other (Provide details)		

14 Administration expenses

	Notes	Current period R	Previous period R
Actuarial fees			
Administration fees			
Audit fees			
Audit services			
Other (Provide details)			
Consultancy fees	14.5		
Depreciation - at cost			
Depreciation - at revaluation			
Fidelity Insurance			
Levies			
Legal costs			
Other (Provide details)			
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
Other expenses (Provide details)

Total _____

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

14. Administration expenses - continued

14.1 Board of Fund expenses

Current Period

	Remuneration	Meeting Allowance	Travelling and accommodation costs	Training	Other Payments (Provide details)	Total
Trustee A						
Trustee B						
Trustee C						

Total _____

Previous Period

	Remuneration	Meeting Allowance	Travelling and accommodation costs	Training	Other Payments (Provide details)	Total
Trustee A						
Trustee B						
Trustee C						

Total _____

14.2 Staff expenses

	Current period R	Previous period R
Remuneration		
Contributions to retirement fund		
Training expenses		
CCMA Settlements (where applicable)		
Other payments (provide details)		
Total	_____	_____

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

For the period ended...

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>)		
Total		

14.4 Deputy Principal Officer Expenses

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

14.5. Consulting fees

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

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	Previous period
	R	R
<i>Provide details</i>		
Lease liabilities		
Current		
<i>(Provide asset detail/nature Eg: Building/offices...)</i>		
Non- current		
<i>(Provide asset detail/nature Eg: Building/offices...)</i>		

16.2 Provisions

	Current period	Previous period
	R	R
Balance at beginning of period		
<i>(list nature/detail of the provision; amount cannot be negative or bracketed)</i>	<input type="text"/>	<input type="text"/>
Provisions made during the year		
<i>(list nature/detail of the provision; amount cannot be negative or bracketed)</i>	<input type="text"/>	<input type="text"/>
Provisions used during the year		
<i>(list nature/detail of the provision; amount can only be negative and bracketed)</i>	<input type="text"/>	<input type="text"/>
Provisions reversed during the year		

(list nature/detail of the provision; amount can only be negative and bracketed)

Balance at end of period

(list nature/detail of the provision; amount cannot be negative or bracketed)

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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

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).

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)*

DRAFT

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

- *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	Previous period
	R	R
Future minimum operating lease payments		
Within one year		
Between one and five years		
After five years		
TOTAL		

DRAFT

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									

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

22 Surplus improperly utilised receivable

	Current period R	Previous period R
Opening balance		
Amount payable by employer		
Interest raised		
Less		
Payments received		
Settlement from employer surplus account		
Other (<i>provide details</i>)		
Total amount receivable		
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 (provide details)		
Total amounts to be allocated		

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

24 Cash at bank

	Current period R	Previous period R
Opening balance		
Cash Inflows		
Contributions		
Other: Specify		
Cash Outflows		
Benefits		
Administration expenses		
Reinsurance costs		
Investment Portfolios		
Other: Specify		
Adjustments for accruals		
<i>This would be the recon for accruals; the fund must provide sufficient detail here, eg: payments in process, etc</i>		
Closing balance		

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 ^(a).
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 ^(b), split into vested ^(c) 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.

SCHEDULE I

REPORT OF THE INDEPENDENT AUDITORS OF FACTUAL FINDINGS TO THE AUTHORITY

SECTION 15 AUDITOR'S REPORT – RETIREMENT FUNDS – ORDINARY FUNDS

Insert as per the relevant illustrative ISRS 4400 (Revised) report approved by the Independent Regulatory Board for Auditors (IRBA) with concurrence from the Authority: www.irba.co.za

<https://www.irba.co.za/upload/Revised%20illustrative%20Section%2015%20Ordinary%20funds.pdf>

SECTION 15 AUDITOR'S REPORT – RETIREMENT FUNDS – UMBRELLA FUNDS

Insert as per the relevant illustrative ISRS 4400 (Revised) report approved by the Independent Regulatory Board for Auditors (IRBA) with concurrence from the Authority: www.irba.co.za

<https://www.irba.co.za/upload/Revised%20illustrative%20Section%2015%20Umbrella%20funds%20.pdf>

SECTION 15 AUDITOR'S REPORT – RETIREMENT FUNDS – PRESERVATION AND RETIREMENT ANNUITY FUNDS

Insert as per the relevant illustrative ISRS 4400 (Revised) report approved by the Independent Regulatory Board for Auditors (IRBA) with concurrence from the Authority: www.irba.co.za

<https://www.irba.co.za/upload/Revised%20illustrative%20Section%2015%20report%20-%20Preservation%20and%20Retirement%20Annuity%20Funds.pdf>

SCHEDULE IA – INVESTMENT SCHEDULE

At

Investments¹

		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 ²	Direct Investments	Collective investment schemes	Insurance policies	Derivative positions without residual risk	Regulation 28(9) 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) ³						-									
Entities regulated ito Reg 28(8)(b)(iv)						-									
Investments not disclosed /data not available for disclosure by entities	N					-									
TOTAL INVESTMENTS						-									4

Notes:

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

NOTES TO THE INVESTMENT SCHEDULE

At

A CASH

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

B COMMODITIES

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

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

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
<p>Government debt: 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</p>					
<p>Debt instruments issued or guaranteed by the government of a foreign country: List issuers/entities which exceeds 5% of total assets</p>					
<p>Bank debt : Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-</p>					
<p>Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed List issuers/entities which exceeds 5% of total assets</p>					
<p>Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed - List issuers/entities which exceeds 5% of total assets</p>					
<p>Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed - List issuers/entities which exceeds 5% of total assets</p>					
<p>Not listed on an exchange (provide details)</p>					

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
Public debt: 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					
Corporate debt (excluding debentures): Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
Listed on an exchange List issuers/entities which exceeds 5% of total assets					
Not listed on an exchange (provide details)					
Debentures:					
Listed on an exchange List issuers/entities which exceeds 5% of total assets					
Not listed on an exchange (provide details)					
Other					
Listed on an exchange: List issuers/entities which exceeds 5% of total assets					
Not listed on an exchange (provide details)					

TOTAL DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS					
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DRAFT

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

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

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

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

Fair value R
TOTAL OF INVESTMENT AND OWNER OCCUPIED PROPERTY

Note: Valuation method and date of valuation

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
<p>Listed equities</p> <p>Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed List issuers/entities which exceeds 5% of total assets</p> <p>Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed List issuers/entities which exceeds 5% of total assets</p> <p>Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed List issuers/entities which exceeds 5% of total assets</p>						
<p>Unlisted equities</p> <p>(provide details)</p>						
<p>TOTAL EQUITIES</p>						

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

F SECURITIES LENDING

Securities on lend	Maximum of Fair value of security	Transaction date	Collateral	Initial margin	Variation margin	Fair value	No. of shares lent	Name of counter party	Scust
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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			

The fund complied with the Authority requirements as prescribed except in the following instances:

- 1.
- 2.
- 3.

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	Initial	Variation margin	Fair value	Effective Economic Exposure		Potentia l 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)									-										
TOTAL									-										

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

The fund complied with the Authority requirements as prescribed except in the following instances:

- 1.

- 2.
- 3.

G2 DERIVATIVE POSITIONS WITH RESIDUAL RISK

Instrument Notes 1,2 & 3	Local or Foreign	Listed or Unlisted	Strike price	Cost or Premium	Initial margin	Variation margin	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)																			
TOTAL																			

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

G3 DERIVATIVE POSITIONS WITH NET SHORT POSITIONS

Cause	Remedial action

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

The fund complied with the FSCA requirements as prescribed except in the following instances:

- 1.
- 2.
- 3.

H Investments in participating employer/s

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

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

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)								
SUBTOTAL								
TOTAL FOR INVESTMENT IN PARTICIPATING EMPLOYERS								

Note 1:

List issuers/entities which exceeds 5% of total assets

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

I OTHER ASSETS

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

J HEDGE FUNDS

Instrument	Local or Foreign	Structure	% Holding	Initial margin	Variation margin	Leverage/ Gearing	Term of contract	Period into contract	Total value of commitment R
Hedge Funds (Provide details)									
Funds of Hedge Funds (Provide details)									
Total Hedge funds commitment									

The Hedge fund structure will be classified as:

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

The fund complied with the Authority's requirements as prescribed except in the following instances:

- 1.
- 2.
- 3.

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)											
Total Private Equity funds commitment											

The Private Equity funds structure will be classified as:

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

The fund complied with the Authority's requirements as prescribed except in the following instances:

- 1.
- 2.
- 3.

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

L REGULATION 28(9) INVESTMENTS

Instrument	Local or Foreign	Fair value R
Total Regulation 28(9) investments		

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
Collective Investment Schemes (provide details)			
Total Non-compliant Collective investment schemes			

M2 Non-compliant Insurance policies

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

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

- 1) Investments included in this line should not relate to any of the other specifically identifiable categories in Schedule IB;
- 2) Investments included in this line should not relate to those under the 5% rule to which look-through need not apply;
- 3) 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	Exposure to counter party as a % of the fair value of the assets of the fund
Banks								
- List per bank								
Asset managers – local								
- List per asset manager								
Asset managers – foreign								
- List per asset manager								
Insurance Companies								
- list per insurance company								
Participating employers								
- List per participating employer*								
Other								
- List								
Overall limit for all instruments per entity/issuer (local and or foreign) (excluding debt instruments issued by, and loans to, the government of the Republic and any debt or loan guaranteed by the Republic) Maximum 25%								

- 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				_____
Total movement as % of non-current assets plus bank				_____

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			_____
Total movement as % of non-current assets plus bank			_____

Foreign currency exposure

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

Hedging portfolio

Hedged item per category	Hedging instrument	Marked to market profit/loss R	Disclosure
<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											
TOTAL INVESTMENTS											

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); Note 2: infrastructure investments excludes instruments issued by / or fully guaranteed by government of the Republic

Q REPORTING IN RESPECT OF ENVIROMENTAL SOCIAL AND GOVERNANCE (ESG)

Question	Yes	No
Does the fund have an IPS that includes ESG integration?		
Does the fund’s IPS include details on how the fund intends to monitor, evaluate, and make strategic decisions about the ongoing ESG sustainability of the assets which it owns and which it is intending to acquire?		
Does the fund’s IPS include an Active Ownership policy?		
Does the fund have a specific policy that supports green/climate investment?		
Is the fund exposed to coal mining, coal logistics and/or coal fired power plants		
Does the fund have investment in green, social, or sustainability themed bonds?		
Would the fund be willing to commit to reduced exposure to coal?		
Would the fund be willing to commit to increasing allocation to green and climate-focused investments?		
Would the fund be willing to commit to increasing allocation to investment with positive social impact?		

Did the fund align with Sustainable Development Goals (SDGs) in some way?		
Would you say your fund's annual reports currently address the elements contained in the Authority's Guidance Notice relating to sustainability of investments and assets in the context of a retirement fund's IPS?		

Questions	USREG	INFRA	PE	WM	SOGEG	PT	CS/ SWM	EV	GB/ GH	GR	SB	SuB
Which of the Top 3 categories of green/climate assets are cited by the fund?												
Which of the following green asset allocation apply to the fund?												
What is the amount of the fund's exposure to coal (Includes indirect exposure)?												
What is the amount of the fund's exposure to green, social or sustainability themed bonds?												

Abbreviations

Utility scale renewable energy generation (USREG)
Infrastructure (INFRA)
Private Equity (PE)

Waste management (WM)
Small/off-grid embedded renewable energy generation (SOGEG)
Public transportation (PT)
Climate-smart / sustainable water management (CS/ SWM)
Electric vehicles (EV)
Green buildings / green housing (GB/ GH)

Green bond (GR)
Social bonds (SB)
Sustainability bond (SuB)

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

As at...

TABLE 1 List issuers/entities which exceeds 5% of total assets

Fair value
R

A Total investments as per Schedule IA

B Less: Reg 28(9) exempted investments

C Less: Investments not disclosed /data not available for disclosure [Refer Schedule IAN]

D TOTAL ASSETS for REGULATION 28 DISCLOSURE

			R	%
1	CASH	100%		
1.1	Notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments	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	Balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	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	DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS	100% issued/ guarantee by Republic otherwise 75%		
2.1	Inside the Republic	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%		
(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	10%		
(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%		
(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	25%		
(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%		
(c)(iv)	Not listed on an exchange - per issuer	15%		
(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:-	75%		
(d)(i)	Listed on an exchange -per issuer	50%		
(d)(ii)	Not listed on an exchange	10%		
		25%		

	-per issuer	5%			
(e)	Other debt instruments:-	25%			
(e)(i)	Listed on an exchange	25%			
	- per instrument	5%			
(e)(ii)	Not listed on an exchange	15%			
	-per instrument	5%			
2.2	Foreign	SARB maximum limits			
(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	SARB maximum limits			
(b)	Debt instruments issued or guaranteed by the government of a foreign country	SARB maximum limits			
	-per issuer	10%			
(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	SARB maximum limits			
(c)(i)	Listed on an exchange with an issue market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB maximum limits			
	-per issuer	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	SARB maximum limits			
	-per issuer	15%			
(c)(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB maximum limits			
	-per issuer	10%			
(c)(iv)	Not listed on an exchange	25%			
	- per issuer	5%			
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB maximum limits			

(d)(i)	Listed on an exchange	SARB maximum limits		
	-per issuer	10%		
(d)(ii)	Not listed on an exchange	25%		
	-per issuer	5%		
(e)	Other debt instruments:-	25%		
(e)(i)	Listed on an exchange	25%		
	- per instrument	5%		
(e)(ii)	Not listed on an exchange	15%		
	-per instrument	5%		

3	EQUITIES	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	75%		
	-per issuer	15%		
(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%		
	-per issuer	10%		
(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%		
	-per issuer	5%		
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%		
	-per issuer	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	SARB maximum limits		
	-per issuer	15%		
(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	maximum limits		
	-per issuer	10%		
(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB maximum limits		
	-per issuer	5%		
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%		
	-per issuer	2.5%		
4	IMMOVABLE PROPERTY	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%		
	-per issuer	15%		
(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%		
	-per issuer	10%		
(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%		
	-per issuer	5%		

(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange - per issuer	15%		
		5%		
4.2	Foreign	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 -per issuer	25%		
		15%		
(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed -per issuer	25%		
		10%		
(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed -per issuer	25%		
		5%		
(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange - per issuer	15%		
		5%		
5	COMMODITIES	10%		
5.1	Inside the Republic	10%		
(a)	Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%		
(a)(i)	Gold (including Kruger Rands)	10%		
(a)(ii)	Other commodities -each other commodity	5%		
		5%		

5.2	Foreign	10%		
(a)	Gold and other commodities on an exchange, including exchange traded commodities	10%		
(a)(i)	Gold	10%		
(a)(ii)	Other commodities -each commodity	5% 5%		
6	INVESTMENTS IN THE BUSINESS OF A PARTICIPATING EMPLOYER INSIDE THE REPUBLIC IN TERMS OF:-			
(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	HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)	65%		
8	HEDGE FUNDS	10%		
8.1	Inside the Republic	10%		
(a)	Hedge fund	10%		
(a)(i)	Funds of hedge funds	10%		
	- per issuer	5%		
(a)(ii)	Hedge funds	10%		
	- per issuer	2.5%		
8.2	Foreign	15%		
(a)	Hedge fund	10%		

(a)(i)	Funds of hedge funds	10%		
	- per issuer	5%		
(a)(ii)	Hedge funds	10%		
	- per issuer	2.5%		
9	PRIVATE EQUITY FUNDS	15%		
9.1	Inside the Republic	15%		
9.1(a)	Funds of private equity funds	10%		
9.2(b)	Private equity funds	5%		
9.2	Foreign	15%		
9.2(a)	Funds of private equity funds	10%		
9.2(b)	Private equity funds	5%		
10	ANY OTHER ASSETS NOT REFERRED TO IN THIS SCHEDULE	2.5%		
11(a)	Overall limit for infrastructure across all classes (excluding debt instruments issued by, and loans to, the government of the Republic and any debt or loan guaranteed by the Republic)	45%		
11(b)	Overall limit for all instruments per entity/issuer (local and or foreign) (excluding debt instruments issued by, and loans to, the government of the Republic and any debt or loan guaranteed by the Republic)	25%		
TOTAL ASSETS (Schedule IA – Total investments)				

*

TABLE 2 REPORTING IN RESPECT OF INFRASTRUCTURE ASSETS List issuers/entities which exceeds 5% of total assets

Asset class	Percentage (Infrastructure) (%)	Rand value (infrastructure) (R)	TOTAL
1. Cash			
2. Debt instruments including Islamic debt instruments: 2.1 Debt instruments issued by, and loans to, the government of the Republic and any debt or loan guaranteed by the Republic 2.2 Other debt instruments: 2.2.1 Listed debt instruments 2.2.2 Unlisted debt instruments			
3. Equities: 3.1 Listed equities 3.2 Unlisted equities			
4. Immovable property (direct & indirect)			
5. Commoities			
6. Investment in the business of the participating employer			
7. Housing loans	n/a	n/a	n/a
8. Hedge funds			
9. Private equity			
10. All other assets not referred to in this Table			

11. Infrastructure exposure in the rest of Africa			
Total Investment in respect of direct infrastructure, excluding debt instruments issued by, and any loans to, the government of the Republic and any debt or loans guaranteed by the Republic	%	R	

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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, and any other assets not referred to in this schedule							
9 Private equity funds							
10 Any other assets not referred to in this schedule							
11 Infrastructure							
12 Fair value of assets to be excluded in terms of sub-regulations 3(c) and (8)(b) of Regulation 28							
13 Investments not disclosed/data not available for disclosure							
TOTAL (equal to the fair value of assets)							

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

S

BREACHES IN TERMS OF SUB REGULATION 3 OF REGULATION 28

As at

	Total (Inside & Foreign)	Percentage of Fair value	Regulation 28 limits
	R	%	
Asset Limits in terms of sub regulation 3(f)			
Other debt instruments not listed		--	
Equities not listed		--	
Immovable properties not listed		--	
Hedge funds and Private Equity funds		--	
Other assets		--	
TOTAL			45
Asset Limits in terms of sub regulation 3(g)			
Equities not listed		--	
Private Equity funds		--	
TOTAL			15
Asset Limits in terms of sub-regulation 3(h)			
Cash and deposits with a South African Bank		--	
Debt instruments guaranteed by a South African Bank		--	
TOTAL			25
Cash and deposits with a South African Bank			
Debt instruments guaranteed by a South African Bank			
TOTAL			
Overall limit for all instruments per entity/issuer (local and or foreign) (excluding debt instruments issued by, and loans to, the government of the Republic and any debt or loan guaranteed by the Republic)			
List Entities exceeding 25% Counter-party exposure			
1.			
2.			
3.			
TOTAL			

NOTES:

1. Credit balance in current accounts must be included in item 1.

2. 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)
.....
.....
.....
.....
.....

3. EXEMPTIONS GRANTED BY THE AUTHORITY

Item	Max %	Date of letter	Expiry Date

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**SCHEDULE IB1 – REPORT OF THE INDEPENDENT AUDITOR ON COMPLIANCE WITH
REGULATION 28**

Insert as per the illustrative auditor's report (Assurance Report on Compliance with Regulation 28 of the Pension Funds Act) approved by the IRBA.

<https://www.irba.co.za/upload/19%20-%20Regulation%2028%20retirement%20funds%20report%20-%20revised%20March%202019.pdf>

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