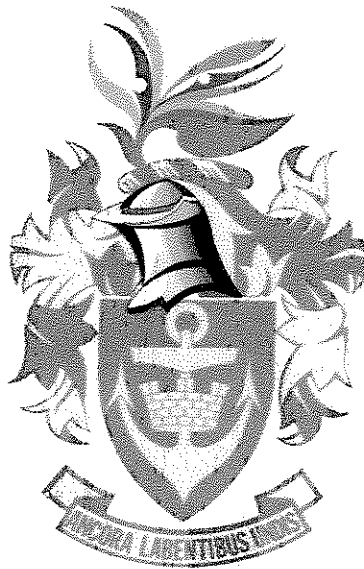


# **ANNUAL REPORT - 2009**

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## **KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND**

**31 MARCH 2009**

## ANNUAL REPORT

**NAME OF PROVIDENT FUND** : **KwaZulu-Natal Joint Municipal Provident Fund**

**FINANCIAL SERVICES BOARD  
REGISTRATION NUMBER** : **12/8/32588/1**

**SOUTH AFRICAN REVENUE  
SERVICES APPROVAL NUMBER** : **5539 899 842**

**FOR THE PERIOD** : **1 April 2008 to 31 March 2009**

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## ANNUAL GENERAL MEETING

The **ANNUAL GENERAL MEETING** of the General Committee of the Fund will be held at the Sinodale Centre, Pietermaritzburg, on Friday 5 February 2010. The attention of members of the Fund is drawn to Rule 17(b) of the joint Rules for the Management and Administration of the Natal Joint Municipal Pension/KwaZulu-Natal Joint Municipal Provident Funds, as amended, which provides that a copy of the Annual Report and Financial Statements shall be forwarded to each Municipality at least 45 days prior to the Annual General Meeting and to each member upon written request to the Fund. Any business that a Municipality or member desires to be discussed at such meeting shall be submitted in writing to the Director at least 30 days prior thereto.

## KEY PERFORMANCE OBJECTIVES

KEY PERFORMANCE OBJECTIVES FOR THE FINANCIAL YEAR ENDING 31 MARCH 2009				
GOAL	KEY PERFORMANCE INDICATOR	TARGET	PERFORMANCE RESULTS	REASON FOR VARIANCE
To Identify a new IT Platform for both Benefit and finance	The appointment of an appropriate service provider	31/03/2009	Achieved E.B. Spheres was appointed.	N/A
Implementation of PF 130.	<ul style="list-style-type: none"><li>- Risk Management Policy</li><li>- Performance Appraisal Policy</li><li>- Code of Conduct Policy</li><li>- Communication Policy Statement</li><li>- Investment Policies for three funds</li></ul>	31/03/2009	All approved by Committee of Management.  Amendments to Regulations approved by General committee at AGM.	N/A
Archiving	-	31/03/2009	All documentation:  Pensions Contributions Widows, Estate and Beneficiaries.  Are being successfully converted into our new electronic archiving system.	N/A

The Long Term Investment Objectives of the Funds as approved by the Committee of Management are:

- To achieve a long-term real return of at least CPIX plus 4.5% net of investment fees over rolling five-year periods. This long term real rate of return is, in the COM considered opinion, the minimum required.
- In addition, the manager is expected to add returns of 2% a year in excess of that achieved from the passive benchmark portfolio, measured over rolling 5 year periods

## PERFORMANCE RESULTS

Year	CPI +4.5%	Superannuation Fund % Return	Retirement Fund % Return	Provident Fund % Return
5 years to 31 <sup>st</sup> March 2009	10,9%	15,0	15,6	17,5

Year	Superannuation Fund % Return	<u>Benchmark</u> <u>+ 2%</u>	Retirement Fund % Return	<u>Benchmark</u> <u>+ 2%</u>	Provident Fund % Return	<u>Benchmark</u> <u>+ 2%</u>
5 years to 31 <sup>st</sup> March 2009	15,0	13,8	15,6	14,1	17,5	15,9

Source: Alexander Forbes

The Fund has achieved the investment objective for all the three Funds

19<sup>th</sup> October 2009.

PIETERMARITZBURG

  
MR. S. CAMILLERI  
PRINCIPAL OFFICER

## **SCHEDULE - A**

### **Item 1**

The following Annual Report and Financial Statements for the year ended 31 March 2009 are submitted by the Committee of Management in terms of the Rules for the Management and Administration of the Fund approved by the Premier of KwaZulu-Natal, and promulgated in Provincial Gazette No. 5148 dated 8 August 1996 under PN. 273, 1996.

### **REGULATORY INFORMATION FOR THE YEAR ENDED 31 MARCH 2009**

#### **FUND'S REGISTERED OFFICE (the Fund is a self-administered Fund)**

<b>Postal Address:</b>	<b>Physical Address:</b>
P.O Box 890 Pietermaritzburg 3200	2 <sup>nd</sup> Floor Timpen 17 Timber Street Pietermaritzburg 3201

#### **FINANCIAL REPORTING PERIODS**

<b>Current Period:</b>	<b>Previous Period:</b>
1 April 2008 to 31 March 2009	1 April 2007 to 31 March 2008

#### **RESPONSIBLE PERSON IN TERMS OF SECTION 8 OF THE PENSION FUNDS ACT, 1956**

Principle Officer	: Mr. Sam Camilleri
Date Appointed	: 01.07.2007
Postal Address	: P.O. Box 890, Pietermaritzburg, 3200
Physical Address	: 2 <sup>nd</sup> Floor Timpen, 17 Timber Street, Pietermaritzburg, 3201
Telephone Number	: (033) 3458310
E-mail Address	: <a href="mailto:director@njmpf.co.za">director@njmpf.co.za</a>

## **BOARD OF TRUSTEES**

### **Employer Representatives**

<b>Full Name</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Cllr. Buthelezi Lazarus Duduzile	02.03.2001	20.07.2007
Cllr. Mrs.Madlopha Celiwe Qhamkile	24.03.2006	-
Cllr. Mrs. Msibi Veronica Zanele	02.03.2001	-
Cllr. Mrs. Msibi Beauty Duduzile	24.03.2006	08.02.2008
Cllr. Mrs. Moolman Elsie Johanna	08.02.2008	16.10.2008
Cllr. Mvelase Sipho Andrias	23.03.2001	-
Cllr. Talmage Earl Andrew	23.07.2007	-
Cllr Shabalala Joyce Nomakhosi	14.11.2008	-

### **Member Representatives**

<b>Full Name</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Mr.Geringer Johannes Gerhard	17.01.1997	-
Mr.Mabika Thulani Mbopheni	17.08.2001	-
Mrs.Millar Denise Rosalie	01.09.2006	-
Mr.Ndlovu Mandla Elphas	18.11.2005	-
Mr.Lemmer Diederik Arnoldus	24.11.2006	-

### **Provincial Minister of Local Governments Representative**

<b>Full Name</b>	<b>Date Appointed</b>	<b>Date Resigned</b>
Mr. Owen Nhlonipho Mungwe	18.02.2005	-

## PROFESSIONAL SERVICE PROVIDERS

### Actuary/Valuator:

Full Name	:	Arthur Els & Associates Consulting Actuaries
Postal Address	:	Suite 163, Private Bag X11, Craighall, 2024
Physical Address	:	1 <sup>st</sup> Floor, Marlborough Gate, Hyde Lane, Hyde Park, 2196
Telephone Number	:	(011) 441-2700 - 2710
E-mail Address	:	<a href="mailto:info@arthurels.com">info@arthurels.com</a>

### AUDITORS

#### Statutory Auditor:

Full Name	:	Auditor-General
Postal Address	:	Private Bag X9034, Pietermaritzburg, 3200
Physical Address	:	Redlands Estate, 1 George MacFarlane Ln, Wembley, 3201
Telephone Number	:	(033) 264 7400
E-mail Address	:	<a href="mailto:pmbrrha@agsa.co.za">pmbrrha@agsa.co.za</a>

#### Internal Auditor (appointed by Committee of Management):

Full Name	:	Deloitte & Touche Chartered Accountants (SA)
Postal Address	:	P.O. Box 243, Durban, 4000
Physical Address	:	Deloitte Place, 2 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge Office Estate, La Lucia, 4051
Telephone Number	:	(031) 5607000
E-mail Address	:	<a href="mailto:clientservicecentre@deloitte.co.za">clientservicecentre@deloitte.co.za</a>

#### Asset Consultants/Investment Advisor:

Full Name	:	Alexander Forbes Financial Services
Postal Address	:	P.O. Box 786029, Sandton, 2146
Physical Address	:	Alexander Forbes Place, 61 Katherine Street, Sandown, 2196
Telephone Number	:	(011) 2690000
E-mail Address	:	<a href="http://www.alexanderforbes.com">www.alexanderforbes.com</a>
FAIS Number	:	1177

#### Custodian and Nominees:

Full Name	: Nedbank Limited (Head Office) - Reg. No. 1951/000009/06
Postal Address	: P.O. Box 3212, Johannesburg, 2000
Physical Address	: 135 Rivonia Road, Sandton, 2196
Telephone Number	: (011) 2943166
E-mail Address	: <a href="http://www.nedbank.co.za">www.nedbank.co.za</a>

**Risk (Fidelity) Insurers:**

Full Name	: Camargue – Reg. No. 2000/028098/07
Postal Address	: Postnet Suite 250, Private Bag X4, Bedfordview, 2008
Physical Address	: 1 <sup>st</sup> Floor Eton House, 15 Eton Road, Parktown, Johannesburg
Telephone Number	: (011) 356 4845
E-mail Address	: <a href="mailto:camargue@camargueum.co.za">camargue@camargueum.co.za</a>
FSP Number	: 6344

The list of participating employers (Municipalities) and the list of participating employees are available at the Fund's offices if needed.



## **SCHEDULE - B**

### **Item 2**

#### **STATEMENT OF RESPONSIBILITY BY THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2009**

The Committee of Management hereby certify to the best of its knowledge that, during the period under review, in the execution of its duties they:

- 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 Committee of Management; and
- ensured that proper internal control systems were employed by or on behalf of the Fund; and
- 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 regulations of the Fund; and
- took all reasonable steps to ensure that contributions were paid timeously to the Fund or reported where necessary in accordance with Section 13A and regulation 33 of the Pension Funds Act, 1956; and
- obtained expert advice on matters where they lacked sufficient expertise; and
- ensured that the regulations and the operation and administration of the Fund complied with the Pension Funds Act, 1956, the Financial Institutions (Protection of Funds) Act, 2000, and all other applicable laws, and
- confirm that, in respect of self-administered assets, the Fund is covered under a fidelity guarantee insurance policy. This cover is deemed adequate and in compliance with the regulations of the Fund. In respect of assets administered by the five Investment Managers, each Manager has procured Fidelity cover and/or Professional liability cover, by means of single policies, for amounts considered adequate to fulfill the requirements of the combined clientele of each individual Investment Manager. The Committee of Management is of the opinion that the existing fidelity cover maintained by the Fund and its Investment Managers is adequate in accordance with the above guidelines and policies
- confirm that the Investments of the Fund are in accordance with the Investment Policy. The Fund is a defined contribution Fund which does not offer member choice

## APPROVAL OF THE FINANCIAL STATEMENTS

The annual financial statements of the Fund are the responsibility of the Committee of Management. The Committee of Management 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, provide reasonable assurance that:

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

The annual financial statements have been prepared in accordance with:

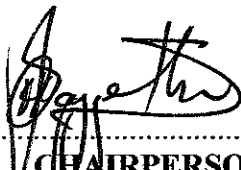
- generally accepted accounting practice in South Africa; and
- the rules / regulations of the Fund; and
- the provisions of the Pension Funds Act, 1956

These financial statements have been reported on by the Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Committee of Management believes that all representations made to the Auditor-General during their audit were valid and appropriate. The Auditor-General's audit report is presented in Annexure A.

These financial statements:

- were approved by the Committee of Management on.
- are certified by them to the best of their knowledge to be true;
- fairly represent the net assets of the Fund at 31 March 2009 as well as the results of its activities for the period then ended; and
- are signed on the Committee of Management's behalf by:

DATE:	1	9	1	0	2	0	0	9
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CHAIRPERSON  
MR. K M JAGGETH

  
EMPLOYER REPRESENTATIVE  
Cllr.

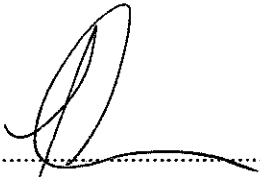
  
MEMBER REPRESENTATIVE

**SCHEDULE - C**

**Item 3**

**STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER FOR THE YEAR  
ENDED 31 MARCH 2009**

I confirm that for the year under review the Fund has lodged with the Registrar of Pension Funds all such returns, statements, documents and any other information required in terms of the Pension Funds Act, 1956.

A handwritten signature in black ink, consisting of a large, stylized capital 'C' followed by a horizontal line that ends in a small flourish.

**MR. S. CAMILLERI  
PRINCIPAL OFFICER**

**SCHEDULE - D**

**Item 4**

**REPORT OF THE AUDITOR-GENERAL ON**

**THE ANNUAL FINANCIAL STATEMENTS**

**OF THE FUND FOR THE YEAR ENDED**

**31 MARCH 2009**

# ***ANNEXURE A***

**REPORT OF THE AUDITOR-GENERAL TO THE BOARD OF TRUSTEES OF THE  
KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND AND THE  
REGISTRAR OF PENSION FUNDS ON THE FINANCIAL STATEMENTS OF THE  
KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND FOR THE YEAR  
ENDED 31 MARCH 2009**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the accompanying financial statements of the KwaZulu-Natal Joint Municipal Provident Fund which comprise the statement of net assets and funds as at 31 March 2009, the statement of changes in net assets and funds for the year then ended, a summary of significant accounting policies and other explanatory notes, and the report of the board of trustees (committee of management) as set out in schedule E and on pages 1 to 17 of annexure B.

**The board of trustees' responsibility for the financial statements**

2. The board of trustees is responsible for the preparation and presentation of these financial statements in accordance with the basis of preparation applicable to retirement funds in South Africa as set out in the notes to the financial statements and in the manner required by the Pension Funds Act, 1956 (Act No. 24 of 1956) (PFA), and for such internal control as the board of trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**The Auditor-General's responsibility**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA)], my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Basis of accounting**

7. The entity's policy is to prepare financial statements in accordance with the basis of preparation applicable to retirement funds in South Africa, as set out in the accounting policy note to the financial statements.

#### **Opinion**

8. In my opinion the financial statements of the KwaZulu-Natal Joint Municipal Provident Fund as at 31 March 2009 have been prepared, in all material respects, in accordance with the basis of accounting applicable to retirement funds in South Africa as set out in the notes to the financial statements and in the manner required by the PFA.

#### **Other matter**

Without qualifying my audit opinion, I draw attention to the following matter that relates to the financial statements:

#### **Restriction on use**

9. The financial statements are prepared for regulatory purposes in accordance with the basis of preparation indicated above. Consequently, the financial statements and related auditor's report may not be suitable for another purpose.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### **Report on performance information**

10. I have reviewed the performance information as set out on the Annual Report.

#### **The board of trustees' responsibility for the performance information**

11. The board of trustees has additional responsibilities to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the entity.

#### **The Auditor-General's responsibility**

12. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
13. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
14. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

**Appreciation**

15. The assistance rendered by the staff of the KwaZulu-Natal Joint Municipal Provident Fund during the audit is sincerely appreciated.

*Auditor-General*

Pietermaritzburg

14 October 2009



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*



## **SCHEDULE - E**

**Item 5**

### **REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2009**

#### **DESCRIPTION OF FUND:**

In terms of Section 1 of the Income Tax Act, 1962, the Fund is classified as a Provident Fund (defined contribution).

The Provident Fund was established in 1996 as a defined contribution fund, and provides lump sum benefits only upon the retirement or death of members based on total accruals in respect of contributions paid by both member and employer, plus profit and interest earned.

The Funds Rules & Regulations are available at the employer's offices, the Fund's offices and on the Fund's webpage ([www.njimpf.co.za](http://www.njimpf.co.za)).

The strategy of the Committee of Management relative to unclaimed benefits is to endeavour to trace beneficiaries and thus effect payment of unclaimed benefits. The Fund has maintained complete records, as prescribed, in respect of unclaimed benefits.

With regards to contributions, members may choose to contribute at a rate of 5%, 7% or 9,25% of their pensionable emoluments in terms of regulation 14(a), whilst participating employers contribute at a rate of 1,95 times of the rate of members' contributions in terms of regulation 17(1)(b).

#### **INVESTMENT STRATEGY:**

The Fund is a defined Contribution Fund and its primary objective is to maximise the value of retirement benefits of members within defined and acceptable risk parameters. The members bear the investment risk as benefits payable from the Fund are dependent on the returns earned on the underlying assets.

A smoothed bonus approach is adopted whereby returns are credited on a monthly interim basis with a final return declared after the financial review of the Fund is completed by the Actuary.

The Committee recognises that members have different risk profiles and therefore accepts individual member choice in principle, but, before introducing such a facility, will embark on a process of education and consultation with members to ensure that, if applicable, the needs of members are more appropriately accommodated within the Fund.

The broad investment objective is to invest in appropriate asset types that will deliver returns over a rolling 5-year periods (after tax and investment manager fees) of CPIX plus 4,5%. The Domestic Investment Managers are expected to produce a return of at least 2% per annum above their Benchmark net of fees, over rolling three-year periods. The Fund's International Investment Managers' are expected to produce a return of at least 1,5% per annum in excess of the equity component of the Benchmark. On the Absolute Return Fund component, the return should be at least equal to the return on LIBOR, net of fees, over rolling three-year periods.

The Committee of Management has appointed Investment Managers to invest the Fund's assets and meet the investment objectives set out in the Investment Policy Statement (which is available for inspection at the Fund's offices) and has also appointed Alexander Forbes as the investment consultant to report back on performance and ensure manager compliance with the mandate. The Committee of Management meets monthly to monitor the asset allocation, investment performance and compliance.

The Investment Manager must at all times adhere to the limits set out in Regulation 28 of the Pension Funds Act. There are no investments held in Municipalities which participate in the Fund, nor any loans to members.

#### **Assets under Management**

##### **Domestic Assets**

<b>MANAGER</b>	<b>VALUE OF ASSETS R</b>	
	<b>2009</b>	<b>2008</b>
ALLAN GRAY LIMITED	194 347 666.10	218 901 987.51
CORONATION FUND MANAGERS	146 214 441.93	168 260 297.40
PRUDENTIALPORTFOLIO MANAGERS	141 235 882.07	169 338 980.80
KZNIJMPF	44 687 778.65	6 387 778.65
<b>Total value of domestic investments managed</b>	<b>526 485 768.75</b>	<b>562 889 044.36</b>

##### **International Assets**

<b>MANAGER</b>	<b>VALUE OF ASSETS R</b>	
	<b>2009</b>	<b>2008</b>
ALLAN GRAY LIMITED	10 074 106.00	0.00
CORONATION FUND MANAGERS	4 481 493.82	0.00
PRUDENTIALPORTFOLIO MANAGERS	4 318 493.10	0.00
RUSSELL INVESTMENT GROUP	15 589 749.62	22 709 537.08
ORBIS INVESTMENT MANAGEMENT LTD	41 544 378.00	48 907 297.00
<b>Total value of international investments managed</b>	<b>76 008 220.54</b>	<b>71 616 834.08</b>

## MEMBERSHIP STATISTICS

### Contributing Members

Membership of the Fund increased by 19.26% to a total of 7 976 during the year as reflected hereunder:-

			2009	2008
<b>Membership as at 1 April 2008</b>			<b>6 688</b>	<b>5 708</b>
<b>Admissions</b>			<b>2 225</b>	<b>1632</b>
Transfer	External		-	99
		Internal	349	45
		Fund	36	-
		Category changes	12	19
	Re-admission		-	1
	New Members		1 828	1 468
<b>Exits</b>			<b>937</b>	<b>650</b>
Retirement	At pension/optional retirement age		16	15
		Early	26	18
Ill-health	(at least 10 years service)		4	12
		(less than 10 years service)	5	6
Retrenchment	(at least 10 years service)		-	-
		(less than 10 years service)	-	-
Death			129	124
Resignation			295	288
Dismissal			36	38
Transfer	Internal		349	45
		External	2	38
		Normal		1
		Fund	19	-
		Category changes	12	19
Deferred Beneficiary			-	3
Other			44	42
<b>Membership as at 31 March 2009</b>			<b>7 976</b>	<b>6 688</b>

**Unclaimed Benefits**

	Amount R
At beginning of year	177 823.85
Unclaimed benefits received	2 880 354.45
Forfeited to the Fund	-
Unclaimed benefits paid	1 248 617.34
<b>At end of year</b>	<b>1 809 560.96</b>

**Actuarial Report**

Please refer to attached Actuarial Report for the Retirement Fund as at 31 March 2009.

**Surplus Apportionment for Members**

There was no surplus available for distribution at the surplus apportionment date (31 March 2003). Future surpluses as may be disclosed are for the account of the members and may be used for any of the purposes set out in Section 15D of the Pension Funds Act, 1956.

**Subsequent Events**

No other material occurrences affecting the financial position of the Fund have occurred subsequent to the financial year end.

# ***ANNEXURE B***

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND (REF. NO. 12/8/32558/2 )**  
**STATEMENT OF NET ASSETS AND FUNDS FOR THE YEAR ENDED 31/03/2009**

	NOTES	2009 R	2008 R
<b>NON-CURRENT ASSETS</b>		<b>602,493,989.29</b>	<b>634,505,878.44</b>
PROPERTY PLANT AND EQUIPMENT	1	0.00	0.00
INVESTMENTS (Incl. Investment Properties )	2	602,493,989.29	634,505,878.44
HOUSING FACILITIES	3	0.00	0.00
SURPLUS IMPROPERLY UTILISED RECEIVABLE	22	0.00	0.00
<b>CURRENT ASSETS</b>		<b>13,178,367.17</b>	<b>27,070,750.76</b>
TRANSFERS RECEIVABLE	5	7,320,073.66	17,692,309.67
ACCOUNTS RECEIVABLE	4	2,940,983.51	1,741,607.10
CONTRIBUTIONS RECEIVABLE	12	8,297,047.18	6,104,814.37
CASH AT BANK	24	( 5,379,737.18 )	1,532,019.62
SURPLUS IMPROPERLY UTILISED RECEIVABLE	22	0.00	0.00
<b>TOTAL ASSETS</b>		<b>615,672,356.46</b>	<b>661,576,629.20</b>
<b>FUNDS AND LIABILITIES</b>			
<b>MEMBERS' FUNDS AND SURPLUS ACCOUNT</b>		<b>575,459,256.76</b>	<b>560,428,633.67</b>
MEMBERS' INDIVIDUAL ACCOUNT		575,459,256.76	560,428,633.67
AMOUNTS TO BE ALLOCATED	23	0.00	0.00
MEMBERS SURPLUS ACCOUNT	21	0.00	0.00
<b>RESERVES</b>			
<b>RESERVE ACCOUNTS</b>		<b>( 5,591,639.74 )</b>	<b>44,296,655.46</b>
RISK RESERVES	21	12,406,041.66	11,346,287.00
INVESTMENT RESERVES	21	( 17,997,681.40 )	32,950,368.46
REVALUATION RESERVE: PROP, PLANT & EQUIP	6	0.00	0.00
<b>TOTAL FUNDS AND RESERVES</b>		<b>569,867,617.02</b>	<b>604,725,289.13</b>
<b>NON-CURRENT LIABILITIES</b>		<b>3,334,976.56</b>	<b>863,874.19</b>
EMPLOYER SURPLUS ACCOUNTS	21	0.00	0.00
FINANCIAL LIABILITIES	16.1	0.00	0.00
PROVISIONS	16.2	1,525,415.60	686,050.34
UNCLAIMED BENEFITS	9	1,809,560.96	177,823.85
<b>CURRENT LIABILITIES</b>		<b>42,469,762.88</b>	<b>55,987,465.88</b>
TRANSFERS PAYABLE	7	913,931.94	11,264,806.71
BENEFITS PAYABLE	8	39,888,021.54	43,351,037.99
ACCOUNTS PAYABLE	10	921,119.19	1,487,491.10
RETIREMENT FUND TAXATION	11	746,690.21	( 115,869.92 )
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>615,672,356.46</b>	<b>661,576,629.20</b>

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND (REF. NO. 12/8/32558/2 )**  
**STATEMENT OF CHANGES IN NET ASSETS AND FUNDS FOR THE YEAR ENDED 31/03/2009**

	NOTES	MEMBERS' SHARE ACCOUNT	RISK RESERVE ACCOUNT	INVESTMENT RESERVE ACCOUNT	RESERVE ACCOUNTS TOTAL	CURRENT TOTAL	PREVIOUS YEAR TOTAL
CONTRIBUTIONS RECEIVED AND ACCRUED	12	100,084,148.89	24,937,576.01	0.00	24,937,576.01	125,021,724.90	97,736,205.46
CONTRIBUTIONS TRANSFERRED FROM RESERVE A/C'S	21	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS TRANSFERRED FROM SURPLUS A/C'S	21	0.00	0.00	0.00	0.00	0.00	0.00
SURPLUS IMPROPERLY UTILISED	22	0.00	0.00	0.00	0.00	0.00	0.00
REINSURANCE PROCEEDS		0.00	0.00	0.00	0.00	0.00	0.00
NET INVESTMENT INCOME	13	0.00	0.00	(66,353,076.30)	(66,353,076.30)	(66,353,076.30)	40,749,026.55
(LESS) ALLOCATED TO UNCLAIMED BENEFITS		0.00	0.00	0.00	0.00	0.00	0.00
OTHER INCOME		0.00	0.00	0.00	0.00	0.00	76,483.98
LESS:		0.00	6,245,944.88	862,560.13	7,108,505.01	7,108,505.01	4,626,570.16
REINSURANCE PREMIUMS		0.00	0.00	0.00	0.00	0.00	0.00
ADMINISTRATION EXPENSES	14	0.00	6,245,944.88	0.00	6,245,944.88	6,245,944.88	4,626,570.16
RETIREMENT FUND TAXATION	11	0.00	0.00	862,560.13	862,560.13	862,560.13	0.00
NET INCOME BEFORE BENEFITS AND TRANSFERS		100,084,148.89	18,691,631.13	(67,215,636.43)	(48,524,005.30)	51,560,143.59	133,935,145.83
TRANSFERS AND BENEFITS		60,086,988.74	15,177,658.20	10,016,867.24	25,194,525.44	85,281,514.18	86,511,035.61
TRANSFERS FROM OTHER FUNDS	5	3,415,953.40	0.00	(186,077.14)	(186,077.14)	3,229,876.26	12,564,900.95
TRANSFERS TO OTHER FUNDS	7	2,208,018.52	0.00	454,210.99	454,210.99	2,662,229.51	9,111,945.35
BENEFITS - CURRENT MEMBERS	8	61,294,923.62	15,177,658.20	9,376,579.11	24,554,237.31	85,849,160.93	89,963,991.21
NET INCOME AFTER BENEFITS AND TRANSFERS		39,997,160.15	3,513,972.93	(77,232,503.67)	(73,718,530.74)	(33,721,370.59)	47,424,110.22
FUNDS AND RESERVES		535,462,096.61	8,892,068.73	59,234,822.27	68,126,891.00	603,588,987.61	557,301,178.91
BALANCE AT BEGINNING OF PERIOD		560,428,633.67	11,346,287.00	32,950,368.46	44,296,655.46	604,725,289.13	556,570,898.31
PRIOR-YEAR ADJUSTMENTS		(2,325,026.84)	(2,454,218.27)	4,891,560.93	2,437,342.66	112,315.82	0.00
OTHER	9	0.00	0.00	(1,248,617.34)	(1,248,617.34)	(1,248,617.34)	730,280.60
TRANSFER BETWEEN RESERVE ACCOUNTS	21	0.00	0.00	0.00	0.00	0.00	0.00
INVESTMENT INCOME ALLOCATED		(22,641,510.22)	0.00	22,641,510.22	22,641,510.22	0.00	0.00
CURRENT MEMBERS		(22,641,510.22)	0.00	22,641,510.22	22,641,510.22	0.00	0.00
FORMER MEMBERS		0.00	0.00	0.00	0.00	0.00	0.00
SURPLUS AND RESERVE ACCOUNTS	21	0.00	0.00	0.00	0.00	0.00	0.00
SURPLUS APPORTIONMENT	21	0.00	0.00	0.00	0.00	0.00	0.00
REVALUATION SURPLUS: PROP, PLANT & EQUIPMENT	6	0.00	0.00	0.00	0.00	0.00	0.00
TRANSFER BETWEEN RESERVE ACCOUNTS		0.00	0.00	0.00	0.00	0.00	0.00
EMPLOYER SURPLUS ACCOUNT		0.00	0.00	0.00	0.00	0.00	0.00
MEMBER SURPLUS ACCOUNT		0.00	0.00	0.00	0.00	0.00	0.00
ALLOCATION TO/FROM SURPLUS ACCOUNTS		0.00	0.00	0.00	0.00	0.00	0.00
BENEFITS TO FORMER MEMBERS		0.00	0.00	0.00	0.00	0.00	0.00
SURPLUS TRANSFERS PAYMENTS		0.00	0.00	0.00	0.00	0.00	0.00
BENEFITS ENHANCEMENTS - OTHER		0.00	0.00	0.00	0.00	0.00	0.00
SURPLUS TRANSFERS RECEIVED		0.00	0.00	0.00	0.00	0.00	0.00
BALANCE AT END OF PERIOD		575,459,256.76	12,406,041.66	(17,997,681.40)	(5,591,639.74)	569,867,617.02	604,725,289.13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**PRINCIPAL ACCOUNTING POLICIES**

The following are the principal accounting policies used by the Fund, which are consistent with those of the previous year.

**Basis of preparation**

The financial statements are prepared for regulatory purposes in accordance with the Regulations to the Pension Funds Act. The Regulations require the basis of accounting applied by the pension funds comprise of general adherence to Generally Accepted Accounting Practice as applied to retirement funds in South Africa, except for the following requirements applicable to the :

- \* Disclosure of cash flow information.
- \* Disclosure of prior year adjustment.
- \* Presentation of consolidated financial statements in which investments in subsidiaries are consolidated in accordance with the standard on consolidated and separate financial statements.

The financial statements are prepared on the historical cost and going concern basis, modified by the valuation of financial instruments and investment properties to fair value, and the revaluation of property, plant and equipment to market value.

**Property, plant and equipment**

- \* All property and equipment is initially recorded at cost. Land and buildings are subsequently shown at market value, based on annual valuations by external independent valuers.
- \* Decreases that offset previous increases of the same asset are charged to the income statement.
- \* Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over the estimated useful life as follows
 

* Computer equipment and software	5 years
* Office equipment	5 years
* Furniture & fittings	10 years

The useful life of furniture has been changed from 7 to 10 years. Of the existing assets the useful life has been further extended to September 2012 when the lease on the current premises expires.
- \* Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. Impairment losses are recognised).
- \* Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the net surplus or deficit.
- \* Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are charged against income.

**Financial Instruments**

- \* Measurement
  - \* Financial instruments carried on balance sheet include cash and bank balances, investments, receivables and trade creditors.
  - \* 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

Held to maturity investments are measured at amortised cost using effective interest rates. Available for sale and held for trading investments are measured at fair value. The fair value of marketable securities is calculated by reference to the applicable Stock Exchange quoted selling prices at the close of business on the statement of funds and net assets date. Units in unit trusts are valued at the repurchase price.

**Investment property**

- \* Investment properties are held to earn rental income and appreciate capital value.
- \* Investment properties are accounted for at fair market value determined annually by an external independent professional valuer. 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 FOR THE YEAR ENDED 31/03/2009**

**Accounts receivable**

Accounts receivable originated by the Fund is stated at cost.

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

**Accounts payable**

Accounts payable are recognised at cost, namely original debt less principal payments.

**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.

**Dividend 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.
- \* 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 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 transfers to or from the Fund are recognised on approval being granted by the Financial Services Board. Individual transfers are recognised when the individual member's transfer is received or paid.

**Comparatives**

Where necessary, comparative figures have been reclassified to conform to changes in presentation.

**Foreign transactions policy**

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency which is SA Rands, (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND ( REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**1. PROPERTY, PLANT AND EQUIPMENT**  
**1.1 CURRENT YEAR**

	COMPUTER EQUIPMENT AND SOFTWARE R	OFFICE EQUIPMENT R	FURNITURE & FITTINGS R	TOTAL R
AT 01/04/2007				
GROSS CARRYING AMOUNT AT BEGINNING OF PERIOD	0.00	0.00	0.00	0.00
ADDITIONS	0.00	0.00	0.00	0.00
DISPOSALS	0.00	0.00	0.00	0.00
REVALUATION RESERVE	0.00	0.00	0.00	0.00
OTHER MOVEMENTS	0.00	0.00	0.00	0.00
AT 31/03/2008	0.00	0.00	0.00	0.00
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
AT 01/04/2007				
DEPRECIATION CHARGES	0.00	0.00	0.00	0.00
ACCUMULATED DEPRECIATION ON DISPOSALS	0.00	0.00	0.00	0.00
IMPAIRMENT WRITE DOWN	0.00	0.00	0.00	0.00
OTHER MOVEMENTS	0.00	0.00	0.00	0.00
NET CARRYING AMOUNT 31/03/2008	0.00	0.00	0.00	0.00

**1.2 PREVIOUS YEAR**

	COMPUTER EQUIPMENT AND SOFTWARE R	OFFICE EQUIPMENT R	FURNITURE & FITTINGS R	TOTAL R
AT 01/04/2007				
GROSS CARRYING AMOUNT AT BEGINNING OF PERIOD	0.00	0.00	0.00	0.00
ADDITIONS	0.00	0.00	0.00	0.00
DISPOSALS	0.00	0.00	0.00	0.00
REVALUATION RESERVE	0.00	0.00	0.00	0.00
OTHER MOVEMENTS	0.00	0.00	0.00	0.00
AT 31/03/2008	0.00	0.00	0.00	0.00
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
AT 01/04/2007				
DEPRECIATION CHARGES	0.00	0.00	0.00	0.00
ACCUMULATED DEPRECIATION ON DISPOSALS	0.00	0.00	0.00	0.00
IMPAIRMENT WRITE DOWN	0.00	0.00	0.00	0.00
OTHER MOVEMENTS	0.00	0.00	0.00	0.00
NET CARRYING AMOUNT 31/03/2008	0.00	0.00	0.00	0.00

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND ( REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**2. INVESTMENTS**

	NOTES	TOTAL LOCAL R	TOTAL FOREIGN R	FAIR VALUE 2009 R	FAIR VALUE 2008 R	CATEGORIZED PER AC133 R
CASH AND DEPOSITS		110,408,849.75		110,408,849.75	76,005,412.74	A
KRUGER RANDB		0.00		0.00	0.00	A
LOANS OTHER THAN HOUSING		0.00		0.00	0.00	A
DEBENTURES		0.00		0.00	0.00	A
BILLS BONDS AND SECURITIES		35,350,671.72		35,350,671.72	48,263,408.89	A
INVESTMENT PROPERTIES		0.00		0.00	0.00	A
EQUITIES	2.1	350,581,742.61	18,874,092.92	369,455,835.53	431,348,854.82	A
EQUITIES WITH PRIMARY LISTING ON JSE		281,097,880.28		281,097,880.28	323,318,947.97	A
EQUITIES WITH SECONDARY LISTING ON JSE		69,195,538.33		69,195,538.33	107,741,582.85	A
FOREIGN LISTED EQUITIES		0.00	18,874,092.92	18,874,092.92	0.00	A
EQUITY INDEXED LINKED INVESTMENTS		0.00		0.00	0.00	A
UNLISTED EQUITIES		288,324.00		288,324.00	288,324.00	A
PREFERENCE SHARES		843,145.24		843,145.24	1,337,558.09	A
INSURANCE POLICIES		21,001,668.83		21,001,668.83	10,709,098.70	A
NON LINKED RELATED POLICIES		0.00		0.00	0.00	A
LINKED RELATED POLICIES		21,001,668.83		21,001,668.83	10,709,098.70	A
COLLECTIVE INVESTMENT SCHEMES		13,551,647.28	57,134,127.62	70,685,774.90	88,041,862.48	A
DERIVATIVE MARKET INSTRUMENTS		( 5,251,956.68 )		( 5,251,956.68 )	( 21,200,317.28 )	A
PARTICIPATING MORTGAGE BONDS		0.00		0.00	0.00	A
INVESTMENT IN PARTICIPATING EMPLOYERS		0.00		0.00	0.00	A
OTHER		0.00		0.00	0.00	A
<b>TOTAL LOCAL AND FOREIGN</b>		<b>526,485,768.75</b>	<b>76,008,220.54</b>	<b>602,493,989.29</b>	<b>634,505,878.44</b>	<b>A</b>

**A - Held for trading - Fair Value (IAS39 - At fair value through statement of changes in net assets and funds )**

**2.1 INVESTMENT PROPERTIES**

	TOTAL at 01/04/2008 R	ADDITIONS R	DISPOSAL R	FAIR VALUE ADJUSTMENT R	OTHER R	CARRYING VALUE at 31/03/2009 R	CARRYING VALUE at 01/04/2008 R
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND ( REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**3. HOUSING FACILITIES**

**3.1 GUARANTEE FOR HOUSING FACILITIES**

- The fund has granted guarantees to First National, Standard and Ithala Banks for loans granted to members.
- The amount of the guarantee may not exceed 50% of the cash benefit that a member would receive if he or she had to terminate membership to the fund voluntarily.

**4. ACCOUNTS RECEIVABLE**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
ACCRUED INTEREST /DIVIDENDS	2,190,387.17	0.00
ADMINISTRATION	0.00	0.00
CONTRIBUTIONS	0.00	0.00
FUND MANAGERS	0.00	1,523,572.88
INTEREST	360,273.03	118,421.89
L.A. - MEDICAL BOARD FEES	3,425.96	0.00
L.A. - PENALTY INTEREST DUE	14,146.72	25,305.60
PENSION REFUNDS - RETRENCHMENTS	289,783.81	0.00
PREPAID FUND MANAGERS FEES	9,124.54	0.00
PROPERTY AND ALLIED	0.00	0.00
SERVICE DEBTORS	73,842.28	74,306.73
TRANSFERS INWARD	0.00	0.00
<b>TOTAL</b>	<b>2,940,983.51</b>	<b>1,741,607.10</b>

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND ( REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**5. TRANSFERS FROM OTHER FUNDS**

IN TERMS OF SECTION 14	EFFECT . DATE	NO. OF MEMBERS	APPLIED FOR NOT APPROVED		AT BEGINNING OF PERIOD		AMOUNTS RAISED AT END OF PERIOD		RETURN ON TRANSFERS		ASSETS TRANSFERRED		AT END OF PERIOD	
			R		R		R		R		R		R	
NJMPF ( R )	Apr-08	2	382,710.74		13,239,201.06		1,798,178.11		( 232,146.39 )		8,918,239.83		5,886,992.95	
	TO	1	183,776.66		4,453,108.61		1,811,675.36		( 147,830.82 )		4,683,872.44		1,433,080.71	
NJMPF ( S )	Mar-09				0.00		0.00		0.00		0.00		0.00	
	OTHER													
IN TERMS OF SECTION 15B														
<b>TOTAL</b>		<b>3</b>	<b>566,487.40</b>		<b>17,692,309.67</b>		<b>3,609,853.47</b>		<b>( 379,977.21 )</b>		<b>13,602,112.27</b>		<b>7,320,073.66</b>	

**6. REVALUATION RESERVE - PROPERTY, PLANT AND EQUIPMENT**

	CURRENT YEAR		PREVIOUS YEAR	
	0.00		0.00	
AT BEGINNING OF PERIOD	0.00		0.00	
REVALUATION	0.00		0.00	
IMPAIRMENTS	0.00		0.00	
TRANSFER TO STATEMENT OF CHANGES IN NET ASSETS AND FUNDS	0.00		0.00	
AT END OF PERIOD	0.00		0.00	

**7. TRANSFERS TO OTHER FUNDS**

IN TERMS OF SECTION 14	EFFECT . DATE	NO. OF MEMBERS	APPLIED FOR NOT APPROVED		AT BEGINNING OF PERIOD		AMOUNTS RAISED AT END OF PERIOD		RETURN ON TRANSFERS		ASSETS TRANSFERRED		AT END OF PERIOD	
			R		R		R		R		R		R	
NJMPF ( R )	Apr-08	0	0.00		87,489.43		674,695.97		( 72,716.85 )		601,979.12		87,489.43	
	TO	1	314,042.21		11,177,317.28		1,099,153.23		506,850.55		12,411,125.16		372,195.90	
NJMPF ( S )	Mar-09	2	454,246.61		0.00		479,159.80		( 24,913.19 )		0.00		454,246.61	
	OTHER													
IN TERMS OF SECTION 15B														
<b>TOTAL</b>		<b>3</b>	<b>768,288.82</b>		<b>11,264,806.71</b>		<b>2,253,009.00</b>		<b>409,220.51</b>		<b>13,013,104.28</b>		<b>913,931.94</b>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009

8. BENEFITS  
8.1 BENEFITS - CURRENT MEMBERS

	A AT BEGINNING OF PERIOD R	B BENEFITS FOR CURRENT PERIOD R	C RETURN ALLOCATED R	D PAYMENTS R	E TRFD TO UNCLAIMED BENEFITS R	A+B+C-D-E AT END OF PERIOD R
MONTHLY PENSION	0.00	0.00	0.00	0.00	0.00	0.00
LUMP SUM ON RETIREMENT	7,835,128.49	24,668,234.41	1,131,956.92	26,691,069.18	0.00	6,944,250.64
- FULL BENEFIT	7,835,128.49	24,668,234.41	1,131,956.92	26,691,069.18	0.00	6,944,250.64
- PENSIONS COMMUTED	0.00	0.00	0.00	0.00	0.00	0.00
LUMP SUM BEFORE RETIREMENT	35,515,909.50	55,406,814.44	4,642,155.16	63,182,051.82	( 560,943.62 )	32,943,770.90
- DISABILITY BENEFITS PAID BY THE FUND	0.00	0.00	0.00	0.00	0.00	0.00
- DEATH BENEFITS	27,486,155.45	21,920,918.85	3,469,547.74	28,972,870.38	( 333,625.53 )	24,237,377.19
- WITHDRAWALS 10 YEARS OR MORE	7,982,192.21	32,874,552.22	1,152,792.97	33,740,549.88	( 227,318.09 )	8,496,305.61
- WITHDRAWALS < 10 YEARS	47,561.84	611,343.37	19,814.45	468,631.56	0.00	210,088.10
- RETRENCHMENTS	0.00	0.00	0.00	0.00	0.00	0.00
DEFAULTS - HOUSING FACILITIES	0.00	0.00	0.00	0.00	0.00	0.00
OTHER	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL (7.1)	43,351,037.99	80,075,048.85	5,774,112.08	89,873,121.00	( 560,943.62 )	39,888,021.54

BENEFITS FOR CURRENT PERIOD ( B ) INCLUDING RETURN ALLOCATED ( C )

80,075,048.85

RETURN ALLOCATED ( C ) TO INVESTMENT INCOME

5,774,112.08

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

85,849,160.93

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND**
**( REF. NO. 12/8/32558/2 )**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**
**9 UNCLAIMED BENEFITS**

	2009 R	2008 R
BALANCE AT BEGINNING OF PERIOD	177,823.85	258,004.56
TRANSFERRED FROM BENEFITS PAYABLE & ACC. FUNDS	2,880,354.45	1,941,492.80
INVESTMENT INCOME ALLOCATED	0.00	0.00
LESS:	1,248,617.34	2,021,673.51
TRACING EXPENSES	0.00	0.00
ADMINISTRATION EXPENSES	0.00	0.00
FORFEITED TO THE FUND	0.00	810,461.31
BENEFITS PAID	1,248,617.34	1,211,212.20
BALANCE AT END OF PERIOD	1,809,560.96	177,823.85

**10. ACCOUNTS PAYABLE**

	2009 R	2008 R
ACTUARY'S FEES	0.00	0.00
ADMINISTRATION	35,303.28	0.00
BENEFITS BY INSTALMENTS	0.00	0.00
CONTRIBUTIONS DUE FOR REFUND	281,582.46	157,161.18
FUND MANAGERS	0.00	0.00
INTEREST / DIVIDENDS	14,165.35	14,165.35
INTERNAL AUDIT	0.00	0.00
ADMIN EXPENSES AS PER MEMBERS RATIO	590,068.10	1,349,054.34
OPERATING EXPENSES	0.00	0.00
PROPERTY & ALLIED	0.00	0.00
SUBSISTENCE AND TRAVEL	0.00	0.00
SURPLUS SCRIP	0.00	0.00
VAT	0.00	( 32,889.77 )
TOTAL	921,119.19	1,487,491.10

**11. RETIREMENT FUND TAXATION**

	2009 R	2008 R
TAXABLE INCOME	0.00	0.00
LESS: FORMULA REDUCTION	0.00	0.00
RETIREMENT FUND TAXABLE AMOUNT	0.00	0.00
RETIREMENT FUND TAXATION AT RELEVANT RATE	0.00	0.00
AT BEGINNING OF PERIOD	( 115,869.92 )	69,804.00
RET. FUND TAXATION - CURRENT	862,560.13	0.00
RET. FUND TAXATION - PRIOR YEAR UNDERPROVISION	0.00	0.00
RETIREMENT FUND TAXATION PAID	0.00	185,673.92
AT END OF PERIOD	746,690.21	( 115,869.92 )

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND (REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**12. CONTRIBUTIONS**

	A AT BEGINNING OF PERIOD R	B CONTRIBUTIONS TOWARDS RETIREMENT R	C TOWARDS RE- INSURANCE AND EXPENSES R	D CONTRIBUTIONS RECEIVED R	A+B+C-D AT END OF PERIOD R
MEMBERS CONTRIBUTIONS - RECEIVED AND ACCRUED	2,050,109.38	42,380,274.93		41,688,500.61	2,741,883.70
EMPLOYER CONTRIBUTIONS - RECEIVED AND ACCRUED	2,856,751.18	57,703,873.96		56,628,447.41	3,932,177.73
EMPLOYER CONTR. - RECEIVED AND ACCRUED - RISK RESERVE	1,197,953.81	24,937,576.01		24,512,544.07	1,622,985.75
ADDITIONAL CONTRIBUTION IN RESPECT OF ACTUARIAL SHORTFALL - MEMBERS	0.00	0.00		0.00	0.00
ADDITIONAL CONTRIBUTION IN RESPECT OF ACTUARIAL SHORTFALL - EMPLOYER	0.00	0.00		0.00	0.00
ADDITIONAL CONTRIBUTION - INCREASES	0.00	0.00		0.00	0.00
ADDITIONAL VOLUNTARY CONTRIBUTION - EMPLOYERS	0.00	0.00		0.00	0.00
ADDITIONAL VOLUNTARY CONTRIBUTION - MEMBERS	0.00	0.00		0.00	0.00
<b>TOTAL</b>	<b>6,104,814.37</b>	<b>125,021,724.90</b>	<b>0.00</b>	<b>122,829,492.09</b>	<b>8,297,047.18</b>

TOWARDS RETIREMENT 125,021,724.90

TOWARD RE-INSURANCE AND EXPENSES 0.00

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS 125,021,724.90



**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND**
**( REF. NO. 12/8/32558/2 )**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**
**13. NET INVESTMENT INCOME**

	2009 R	2008 R
<b>INCOME FROM INVESTMENT PROPERTY AND INVESTMENTS</b>	<b>37,126,171.79</b>	<b>14,963,465.99</b>
DIVIDENDS	20,212,242.77	9,607,716.92
INTEREST	16,913,929.02	5,048,807.95
RENTALS	0.00	306,941.12
COLLECTIVE INVESTMENT SCHEMES DISTRIBUTION	0.00	0.00
MARKET RELATED INSURANCE POLICIES	0.00	0.00
<b>INTEREST ON LATE PAYMENT OF CONTRIBUTIONS</b>	<b>14,573.98</b>	<b>16,350.05</b>
<b>INTEREST LEVIED ON SURPLUS IMPROPERLY USED</b>	<b>0.00</b>	<b>0.00</b>
<b>ADJUSTMENT TO FAIR VALUE</b>	<b>( 100,068,572.83 )</b>	<b>29,473,928.56</b>
PROFIT /LOSS ON SALES OF INVESTMENTS	8,254,282.11	54,920,864.12
INVESTMENTS WRITTEN UP/DOWN	( 108,322,854.94 )	( 25,446,935.56 )
ADJUSTMENTS	0.00	0.00
<b>SUB TOTAL</b>	<b>( 62,927,827.06 )</b>	<b>44,453,744.60</b>
<b>LESS:</b>	<b>3,425,249.24</b>	<b>3,704,718.05</b>
COST INCURRED IN MANAGING INVESTMENTS	3,425,249.24	3,704,718.05
INTEREST PAID ON BORROWINGS	0.00	0.00
<b>TOTAL</b>	<b>( 66,353,076.30 )</b>	<b>40,749,026.55</b>

**14. ADMINISTRATION EXPENSES**
**(RESTATED)**

	NOTES	2009 R	2008 R
<b>COST OF ADMINISTRATION</b>		<b>3,965,875.45</b>	<b>2,826,524.68</b>
ADMINISTRATION EXPENSES		530,769.55	405,461.04
AMOUNTS WRITTEN OFF		0.00	0.00
DEPRECIATION - AT COST		0.00	0.00
LEVIES ( FINANCIAL SERVICES BOARD )		40,361.96	42,218.04
OFFICE EXPENSES		466,460.15	408,006.49
OPERATING LEASE PAYMENTS		310,548.50	204,707.60
PENALTIES		0.00	0.00
PROJECT COSTS - NEW IT PLATFORM		407,451.93	24,715.20
STAFF COSTS & PRINCIPAL OFFICER EXPENSES	14.2	2,210,283.36	1,741,416.31
SECRETARIAL FEES			
<b>NON-ADMINISTRATIVE EXPENSES</b>		<b>2,280,069.43</b>	<b>1,800,045.48</b>
ACTUARY'S FEES		716,521.50	530,815.56
AUDIT FEES		501,778.35	342,992.84
AUDIT SERVICES		501,778.35	342,992.84
AUDIT EXPENSES		0.00	0.00
OTHER		0.00	0.00
CONSULTANCY FEES		322,173.84	336,328.06
FEES PAYABLE TO BOARD MEMBERS	14.1	557,427.70	459,829.80
FIDELITY COVER		15,129.00	0.00
OTHER		167,039.04	130,079.22
MAILINGS FOR MEMBERS		102,217.14	97,513.84
MEETING COSTS /TRUSTEE TRAINING		64,821.90	32,565.38
<b>TOTAL</b>		<b>6,245,944.88</b>	<b>4,626,570.16</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**14.1 FEES PAYABLE TO BOARD MEMBERS**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
REIMBURSIVE MEETING ALLOWANCE	557,427.70	459,829.80
<b>TOTAL</b>	<b>557,427.70</b>	<b>459,829.80</b>

**14.2. STAFF COSTS & PRINCIPAL OFFICER EXPENSES ( NOTE 14.2.1 )**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
SALARIES	1,652,251.58	1,316,490.65
EMPLOYER CONTRIBUTIONS TO RETIREMENT FUNDS	193,395.80	164,445.35
TRAINING EXPENSES	11,239.67	10,605.71
OTHER	353,396.31	249,874.60
<b>TOTAL</b>	<b>2,210,283.36</b>	<b>1,741,416.31</b>

**14.2.1 PRINCIPAL OFFICER REMUNERATION**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
SALARIES	255,493.32	227,038.83
ALLOWANCES	0.00	0.00
RETIREMENT FUND CONTRIBUTION	0.00	8,458.71
BONUS	76,648.00	0.00
OTHER PAYMENTS	0.00	78,328.60
<b>TOTAL</b>	<b>332,141.32</b>	<b>313,826.14</b>

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND (REF. NO. 12/8/32558/2)**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**15. PRIOR YEAR ADJUSTMENT**

Please refer to Principal Accounting Policies - Basis of Preparation

**16. FINANCIAL LIABILITIES AND PROVISIONS**

**16.1 FINANCIAL LIABILITIES**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
	0.00	0.00

**16.2 PROVISIONS**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
ACTUARY'S FEES	653,812.70	301,748.88
ACCUMULATED LEAVE	306,388.63	202,166.57
STAFF BONUS	252,640.00	25,026.77
AUDIT FEES	312,574.27	157,108.12
BAD & DOUBTFUL DEBT	0.00	0.00
PROPERTY & ALLIED	0.00	0.00
PRESCRIBED MINIMUM BENEFITS	0.00	0.00
<b>TOTAL</b>	<b>1,525,415.60</b>	<b>686,050.34</b>

**16.3 ACCOUNTING FOR LEASES**

Leases of property, plant and equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long-term payables. The interest element is charged to the income statement over the lease period. The property, plant and equipment acquired under a finance lease contract is depreciated over the useful life of the asset.

Lease charges for property, plant and equipment classified as operating leases are recognised in the income statement over the period of the lease, not exceeding 5 years.

**17. FINANCIAL INSTRUMENTS**

**\* 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 Committee of Management of the Fund's actuary takes place to ensure that appropriate assets are held where the funds 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 FOR THE YEAR ENDED 31/03/2009**

**\* 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 legal obligations of all parties are clearly set out.

**\* 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 ongoing basis with the result that the Fund's exposure to bad debts is not significant. An appropriate level of provision is maintained.

**\* 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 in respect of foreign investments made on behalf of members of the Fund for the purpose of seeking desirable international diversification of investments. The Committee of Management monitors this aspect of the Fund's investments and limits it to 15% of total assets.

**\* 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**

Market risk is the risk that the value of a financial instruments will fluctuate as a result of changes in market prices and interest rates

**\* 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 suitable match of assets exists for all non-market related liabilities.

**18. PROMISED RETIREMENT BENEFITS**

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

**19. RELATED PARTY TRANSACTIONS**

There are no related party transactions for the financial year ended 31 March 2009

**20. OPERATING LEASE COMMITMENTS**

	2009 R	2008 R
<b>FUTURE MINIMUM OPERATING LEASE PAYMENTS</b>		
<b>WITHIN ONE YEAR</b>	351,595.23	272,170.00
<b>BETWEEN ONE AND FIVE YEARS</b>	614,265.12	712,978.00
<b>TOTAL</b>	<b>965,860.35</b>	<b>985,148.00</b>

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND (REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**21. SURPLUS AND RESERVE ACCOUNTS**

	MEMBER / PENSIONER SURPLUS ACCOUNT	EMPLOYER SURPLUS ACCOUNT	RESERVE ACCOUNTS	EMPLOYER PROTECTION RESERVE	CONTINGENCY RESERVE	INVESTMENT RESERVE	RISK RESERVE	PENSIONER RESERVE	OTHER RESERVES
AT BEGINNING OF PERIOD	0.00	0.00	45,485,380.78	0.00	0.00	36,593,312.05	8,892,068.73	0.00	0.00
ALLOCATION TO/FROM SURPLUS ACCOUNTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EMPLOYER SURPLUS APPORTIONMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MEMBER SURPLUS APPORTIONMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BENEFIT ENHANCEMENT - CURRENT MEMBERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS RECEIVED AND ACCRUED	0.00	0.00	24,937,576.01	0.00	0.00	0.00	24,937,576.01	0.00	0.00
CONTRIBUTIONS TRANSFERRED FROM RESERVE A/C'S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTIONS TRANSFERRED FROM SURPLUS A/C'S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SURPLUS IMPROPERLY UTILISED	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REINSURANCE PROCEEDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET INVESTMENT INCOME	0.00	0.00	(66,353,076.30 )	0.00	0.00	(66,353,076.30 )	0.00	0.00	0.00
(LESS) ALLOCATED TO UNCLAIMED BENEFITS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS:	0.00	0.00	7,108,505.01	0.00	0.00	862,560.13	6,245,944.88	0.00	0.00
REINSURANCE PREMIUMS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADMINISTRATION COSTS	0.00	0.00	6,245,944.88	0.00	0.00	0.00	6,245,944.88	0.00	0.00
RETIREMENT FUND TAXATION	0.00	0.00	862,560.13	0.00	0.00	862,560.13	0.00	0.00	0.00
NET INCOME BEFORE BENEFITS AND TRANSFERS	0.00	0.00	(3,038,624.52 )	0.00	0.00	(30,622,324.38 )	27,583,699.86	0.00	0.00
TRANSFERS AND BENEFITS	0.00	0.00	25,194,525.44	0.00	0.00	10,016,867.24	15,177,658.20	0.00	0.00
TRANSFERS FROM OTHER FUNDS	0.00	0.00	(186,077.14 )	0.00	0.00	(186,077.14 )	0.00	0.00	0.00
TRANSFERS TO OTHER FUNDS	0.00	0.00	454,210.99	0.00	0.00	454,210.99	0.00	0.00	0.00
BENEFITS - CURRENT	0.00	0.00	24,554,237.31	0.00	0.00	9,376,579.11	15,177,658.20	0.00	0.00
NET INCOME AFTER BENEFITS AND TRANSFERS	0.00	0.00	(28,233,149.96 )	0.00	0.00	(40,639,191.62 )	12,406,041.66	0.00	0.00
TRANSFER BETWEEN RESERVE ACCOUNTS	0.00	0.00	22,641,510.22	0.00	0.00	22,641,510.22	0.00	0.00	0.00
NET INVESTMENT RETURN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BENEFIT ENHANCEMENT - PENSIONERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTION HOLIDAY - AFTER SURPLUS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRIBUTION HOLIDAY - BEFORE SURPLUS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
APPORTIONMENT									
CONTRIBUTION HOLIDAY - BEFORE SURPLUS									
APPORTIONMENT									
BALANCE AT END OF PERIOD	0.00	0.00	(5,591,639.74 )	0.00	0.00	(17,997,681.40 )	12,406,041.66	0.00	0.00

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND****( REF. NO. 12/8/32558/2 )****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009****22. SURPLUS IMPROPERLY UTILISED RECEIVABLE**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>OPENING BALANCE</b>	<b>0.00</b>	<b>0.00</b>
<b>AMOUNT PAYABLE BY EMPLOYER</b>	<b>0.00</b>	<b>0.00</b>
<b>INTEREST RAISED</b>	<b>0.00</b>	<b>0.00</b>
<b>LESS</b>		
<b>PAYMENTS RECEIVED</b>	<b>0.00</b>	<b>0.00</b>
SETTLEMENT FROM EMPLOYER SURPLUS A/C	0.00	0.00
OTHER	0.00	0.00
<b>TOTAL RECEIVABLE</b>	<b>0.00</b>	<b>0.00</b>
<b>DISCLOSED AS:</b>		
<b>NON-CURRENT PORTION</b>	<b>0.00</b>	<b>0.00</b>
<b>CURRENT PORTION</b>	<b>0.00</b>	<b>0.00</b>

**23. AMOUNTS TO BE ALLOCATED**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>SURPLUS TO BE APPORTIONED</b>	<b>0.00</b>	<b>0.00</b>
<b>INVESTMENT RETURN TO BE ALLOCATED</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL AMOUNTS TO BE ALLOCATED</b>	<b>0.00</b>	<b>0.00</b>

**24. CASH AT BANK**

	<b>2009</b>
	<b>R</b>
<b>CASH AT BANK - NEDBANK</b>	<b>( 5,379,737.18 )</b>
<b>UNPRESENTED CHEQUES</b>	<b>4,776,993.14</b>
<b>OTHER</b>	<b>0.00</b>
<b>BALANCE AS PER BANK STATEMENT</b>	<b>( 602,744.04 )</b>

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**25. NON-CURRENT ASSETS HELD FOR SALE**

NIL

**26. RESTATEMENT OF PRIOR YEAR FIGURES****27. BALANCE AS PER BANK STATEMENT**

The bank balance as per bank statement is overdrawn due to ABSA transferring the funds (R6,800,000.00) late from our Call Account which appeared on the next day's bank statement.

# ***ANNEXURE C***

# ***ANNEXURE D***



# REPORT OF THE AUDITOR-GENERAL OF KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND TO THE REGISTRAR OF PENSION FUNDS ON FACTUAL FINDINGS

## Scope

I have performed the procedures agreed with you and enumerated below with respect to the accounting records of the KwaZulu-Natal Joint Municipal Provident Fund for the period ended 31 March 2009, as required by you in terms of section 15 of the Pension Funds Act in South Africa, (the Act). My engagement was undertaken in accordance with the International Standard on Related Services (4400) Engagements applicable to agreed-upon procedures engagements regarding financial information. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the Registrar of Pension Funds.

## Procedures and findings

My procedures and the corresponding findings thereon are set out in the table below.

	Procedures	Findings
1	I selected a sample of the lesser of 25 or 10% of participating employers and for the following three months: April, August and March, performed the following procedures:	
1.1	I agreed, in total, the data received by the administrator to the cash received by the fund.	The data received by the administrator agreed to the cash received by the fund.
1.2	I inspected the bank statements, as appropriate, for the date on which the cash was received to determine whether the contributions were deposited with a registered bank in accordance with section 13A of the Act and whether late payment interest has been raised in terms of regulation 33, where applicable.	Contributions were deposited with a registered bank in accordance with section 13A of the Act and no late payment interest had been raised in terms of regulation 33 as it was not applicable.
1.3	I inspected the accounting records of the fund to determine whether amounts disclosed as arrear contributions at period-end have been paid to the fund in accordance with the requirements of section 13A of the Act.	Amounts disclosed as arrear contributions at year-end have been paid to the fund in accordance with the requirements of section 13A of the Act.
2	I inspected the list of investments held by the fund for any investments prohibited in terms of section 19 (4) of the Act.	The fund does not hold investments prohibited in terms of section 19(4) of the Act.

	Procedures	Findings
2.1	Where investments held in the participating employer exceeded 5%, I inspected the appropriate Financial Services Board approval.	Not applicable to the fund – no investments were held in the participating employer.
2.2	I obtained written confirmations of investment balances and agreed details of the confirmations received to the investment balances reflected in the general ledger.	The investment balances reflected in the general ledger agreed to the details in the confirmations received from the investment managers.
3	I obtained the list of housing loans granted to members by the fund in terms of section 19(5) of the Act by the fund as at 31 March 2009 and performed the following procedures:	Not applicable to the fund – no housing loans were granted to members by the fund in terms of section 19(5) of the Act by the fund as at 31 March 2009.
3.1	I agreed the loans on the above list to the corresponding account in the general ledger.	Not applicable to the fund – no housing loans were granted to members by the fund in terms of section 19(5) of the Act by the fund as at 31 March 2009.
3.2	From the above list, I selected a sample of the lesser of 25 or 10% of housing loans. I determined whether the selected housing loans were granted in terms of the requirements of section 19(5) of the Act, in terms of the security provided and the interest rates applied to the loans.	Not applicable to the fund – no housing loans were granted to members by the fund in terms of section 19(5) of the Act by the fund as at 31 March 2009.
3.3	If the fund issued more than 100 loans or the total principal debt of all outstanding loans exceeded R500 000, I determined whether the fund was registered as a credit provider under the National Credit Act, 2005 (the NCA) and whether an assurance report had been issued to the National Credit Regulator in terms of section 16(1)(b) of the NCA and regulations 67 and 68 to the NCA.	Not applicable to the fund – no housing loans were granted to members by the fund in terms of section 19(5) of the Act by the fund as at 31 March 2009.
4	I obtained the list of housing loan guarantees granted to members by the fund in terms of section 19(5) of the Act as at 31 March 2009. I selected a sample of the lesser of 25 or 10% of housing guarantees from the list. For the sample selected, I compared the total for guarantees issued on behalf of the members to	There was one member who's guarantee exceeded the resignation benefit. Member 108701, Dlamini SC has a guarantee for R40 250 and a resignation benefit of R8 861,01.

	Procedures	Findings
	the total of member individual fund credits, to determine whether the total guarantees issued exceeded the total member individual fund credits allowed in terms of the Act and/or the rules of the fund.	
5	I obtained a list of other loans as at 31 March 2009 and determined whether these loans were granted in terms of the requirements of section 19(5)B.	Not applicable to the fund – no loans were granted to members by the fund in terms of section 19(5)B of the Act by the fund as at 31 March 2009.
6	I obtained written confirmation from the fund's insurer that fidelity insurance cover was in place throughout the period ended 31 March 2009.	Fidelity insurance cover was in place for the financial period ending 31 March 2009.
7	I obtained the list of section 14 transfers to and from the fund throughout the period ended 31 March 2009, selected a sample of the lesser of 25 or 10% transfers in and the lesser of 25 or 10% transfers out, and performed the following procedures:	
7.1	I agreed the section 14 transfers to and from the fund to the approved section 14 documentation received from the Financial Services Board in respect of each transfer.	The section 14 transfers agree to the approved section 14 documentation received from the Registrar of Pension Funds.
7.2	I agreed the above list of section 14 transfers to the corresponding account in the general ledger.	The section 14 transfers agree to the corresponding account in the general ledger.
7.3	I determined by inspection whether the transfers were received/paid within 60 days of approval and whether the growth and interest return had been allocated from date of receipt/payment.	The following FSB approvals had been paid more than 60 days after the approval was received: FSB approval numbers 188155 and 150846.
7.4	In respect of unitised funds, I selected a sample of the lesser of 25 or 10% of the members transferred and recalculated the purchase of units for the amount received using the unit price per the administration system on the date of receipt. (Where units were purchased after date of receipt	Not applicable as the fund is not unitised.

	Procedures	Findings
	investment return was included from the date of receipt to the date of purchase)	
8	I obtained a list of accumulated member credits as reflected on the administrator's member register as at 31 March 2009 and performed the following procedures:	
8.1	I agreed the closing balance on the list to the corresponding account in the annual financial statements as at 31 March 2009.	The closing balance per the member's listing of R571 105 832 did not agree to the share account as per the financial statements of R575 459 257 resulting in a difference of R4 353 424.
8.2	I selected a sample of the lesser of 25 or 10% of the members from the list and performed the following procedures:	
8.2.1	I agreed the member and employer contributions received for the selected members per the administrator's system to information supplied by the participating employers for a sample of 3 months.	The contribution received for the selected members per the administrator's system agreed to information supplied by the participating employers for the months of July, November and March.
8.2.2	In respect of unitised investment products, I recalculated the conversion of the selected contributions at the unit price per the administration system on the dates that the contributions were invested and determined whether these units were correctly calculated and added to the existing units for the full period.	Not applicable as the fund's investment products are not unitised.
8.2.3	In respect of unitised investment products, I recalculated the conversion of units at the end of the period at the period end unit price and agreed the amount to the member's record on the member register.	Not applicable as the fund's investment products are not unitised.
8.2.4	In respect of unitised investment products, I agreed the period end unit price as authorised in terms of the rules of the fund to the unit prices on the administration system used to calculate the member credits.	Not applicable as the fund's investment products are not unitised.
8.2.5	In respect of non-unitised investment	The return allocated to the member's fund

	Procedures	Findings
	products, I agreed the return allocated to the member's fund credit on the administrator's records to the return approved in accordance with a resolution of the Board of Trustees or the rules of the fund	credit on the administrator's records agreed to the return approved in accordance with a resolution of the Board of Trustees.
8.3	I selected a sample of the lesser of 25 or 10% of members who switched between investment portfolios during the period and determined whether the portfolios were correctly switched and that the correct amount was switched in accordance with notification of the member's election. I inspected whether any fees deducted were approved by the Board of Trustees.	The portfolios were correctly switched and the correct amount was switched in accordance with notification of the member's election. No fees were deducted or charged for switching portfolios.
8.4	If a surplus apportionment scheme was approved by the FSB in the current period, I selected a sample of the lesser of 25 or 10% from the surplus schedules and I agreed the allocation of the fund surplus of the scheme to the individual allocation in the member records per the administration system.	Not applicable – There was no approved surplus apportionment scheme in the current period.
8.5	For unitised investment products where member portfolios are backed by specific portfolios, I agreed the values of investments specified by the members investment choice to the members liabilities per product for that choice and inspected the accuracy of reconciling items.	Not applicable as the fund's investment products are not unitised.
9	I inspected the most recent statutory valuation report to determine whether the fund was under-funded. For under-funded funds I determined whether a scheme, as required in terms of section 18 of Pension Fund Act in South Africa, has been implemented to remedy the shortfall.	Not applicable as this is a defined contribution fund. The members benefits are not guaranteed. If the fund does poorly, it directly affects the members.
10	I obtained the analysis of the movements in the fund's reserve accounts from the financial statements and performed the following	

	Procedures	Findings
	procedures:	
10.1	I agreed the opening balance to the prior period financial statements.	Opening balance agreed to the prior period financial statements.
10.2	I inspected the rules of the fund to determine whether the movements in the fund's reserve accounts were in terms of the rules of the fund and the Act.	Not applicable – This is a defined benefit fund and does not have reserve accounts.
11	I obtained a list of lump sum benefits reflected as expenses in the fund's Statement of Changes in Net Assets and Funds and performed the following procedures:	
11.1	I agreed the list to the respective general ledger benefit expense accounts.	The list agreed to the respective general ledger benefit expense accounts.
11.2	I selected a sample of the lesser of 25 benefits or 10% of the total benefit expenses from the list and performed the following procedures:	
11.2.1	I agreed the claim to the applicable, authorised supporting documentation.	The claims agreed to the authorised supporting documentation.
11.2.2	For death benefits, where a portion of the benefit was reinsured by the fund, I determined whether the recovery from the insurer was received by the fund.	Not applicable to the fund – no portion of the benefit is reinsured by the fund.
11.2.3	I agreed the opening fund credit for the member to the opening fund credit report and determined whether contributions were added every month until the date of exit. I agreed the balance paid out to member to the fund credit report or administration system as at the date of exit.	The opening fund credit for the member agreed to the opening fund credit report and noted contributions were added every month until the date of exit. The balance paid out to member agreed to the fund credit report as at the date of exit.
11.2.4	I inspected whether the payments agreed to relevant authorisation.	The payouts made by the fund agreed to authorising documentation.
12	I obtained a copy of the listing of pensioners and performed the following procedures:	
12.1	I agreed the total pensions paid to the corresponding account in the general	Not applicable as there are no pensions in the provident fund. This is a defined contribution fund, and has only lump sum

	Procedures	Findings
	ledger.	payments.
12.2	I selected a sample of the lesser of 25 or 10 % of pensions paid from the above list and performed the following procedures:	
12.2.1	I agreed the pensioner increases to authorisation by the Board of Trustees or other relevant supporting documentation.	Not applicable as there are no pensions in the provident fund. This is a defined contribution fund, and has only lump sum payments.
12.2.2	I inspected evidence supporting the fact that the pensioners selected were still alive.	Not applicable as there are no pensions in the provident fund. This is a defined contribution fund, and has only lump sum payments.
13	Where the fund has reinsured its pensioners with an insurer, I obtained a written confirmation of the pensions paid from the insurer including asset and liability balances and agreed this to the fund's general ledger pension expense, asset and liability accounts.	Not applicable to the fund – no portion is reinsured by the fund.

As the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, I do not express any assurance on the procedures performed. Had I performed additional procedures or had I performed an audit or review of the relevant information, other matters might have come to my attention that would have been reported to you.

My report is solely for regulatory purposes and may not be distributed to, or relied on, by parties other than the Registrar of Pension Funds.

*Auditor-General*

Pietermaritzburg

3 November 2009



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND (REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**SCHEDULE IA - PERTAINING TO THE FINANCIAL STATEMENTS**

	Notes	Direct Investments	Non-Linked Insurance Policies	Linked Insurance Policies	Collective Investment Schemes	Total	Local	Foreign	%Age of Foreign Exposure
CASH AND DEPOSITS	A	105,029,112.57	0.00	16,145,182.82	13,551,647.28	134,725,942.67	134,725,942.67	0.00	
KRUGER RANDS	B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
LOANS	C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
DEBENTURES	C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
BILLS BONDS AND SECURITIES	C	35,350,671.72	0.00	4,856,486.01	0.00	40,207,157.73	40,207,157.73	0.00	
PROPERTIES	D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
EQUITIES	E	369,455,835.53	0.00	0.00	57,134,127.62	426,589,963.15	350,581,742.61	76,008,220.54	17.82
- EQUITIES WITH PRIMARY LISTING ON JSE		281,097,880.28	0.00	0.00	0.00	281,097,880.28	281,097,880.28	0.00	
- EQUITIES WITH SECONDARY LISTING ON JSE		69,195,538.33	0.00	0.00	0.00	69,195,538.33	69,195,538.33	0.00	
- FOREIGN LISTED EQUITIES		18,874,092.92	0.00	0.00	57,134,127.62	76,008,220.54	76,008,220.54	0.00	
- EQUITY INDEXED LINKED INVESTMENTS		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
- UNLISTED EQUITIES		288,324.00	0.00	0.00	0.00	288,324.00	288,324.00	0.00	
PREFERENCE SHARES	F	843,145.24	0.00	0.00	0.00	843,145.24	843,145.24	0.00	
COLLECTIVE INVESTMENT SCHEMES		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
INSURANCE POLICIES:		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
- LINKED POLICIES		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
- NON-LINKED POLICIES		0.00	0.00	0.00	0.00	0.00	0.00	0.00	
DERIVATIVE MARKET INSTRUMENTS	G	-5,251,956.68	0.00	0.00	0.00	-5,251,956.68	-5,251,956.68	0.00	
PARTICIPATING MORTGAGE BONDS	H	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
OTHER	I	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
TOTAL		505,426,808.38	0.00	21,001,668.83	70,685,774.90	597,114,252.11	521,106,031.57	76,008,220.54	12.73



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**A. DIRECT CASH AND DEPOSITS**

	Fair Value
ABSA BANK	44,687,778.65
NJMPF - CASH ON HAND	-5,379,737.18
FUND MANAGERS	65,721,071.10
ALLAN GRAY	50,097,177.10
AGL - CURRENT ACCOUNT	2,936,877.10
AGL - DEPOSITS	47,160,300.00
AGL - CASH IMPLICATIONS - FUTURES	0.00
CORONATION FUND MANAGERS	18,233,282.22
COR- CURRENT ACCOUNT	368,800.40
COR - DEPOSITS	9,723,320.14
COR - CASH IMPLICATIONS - FUTURES	8,141,161.68
PRUDENTIAL PORTFOLIO MANAGERS	-2,609,388.22
PRU- CURRENT ACCOUNT	-184,309.19
PRU - DEPOSITS	464,125.97
PRU - CASH IMPLICATIONS - FUTURES	-2,889,205.00
TOTAL	105,029,112.57

**B. DIRECT LOANS**

	Fair Value
	0.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009

**C. DIRECT LOANS**

**C1. BILLS, BONDS AND SECURITIES**

	Secured by/ Unsecured	Fair Value
GOVERNMENT OR PROVINCIAL ADMINISTRATION		23,012,755.56
LOCAL AUTHORITIES		0.00
APPROVED IN TERMS OF SECTION 19(1)(h)		0.00
APPROVED IN TERMS OF SECTION 19(1)(h)		0.00
IN PARTICIPATING EMPLOYERS, SUBSIDIARIES ETC.		0.00
CORPORATE BONDS		12,337,916.16
OTHER		0.00
<b>TOTAL BILL BONDS AND SECURITIES</b>		<b>35,350,671.72</b>

**C2. DEBENTURES**

	Secured by/ Unsecured	Redemption Val	Fair Value
LISTED DEBENTURES		0.00	0.00
UNLISTED DEBENTURES		0.00	0.00
<b>TOTAL DEBENTURES</b>		<b>0.00</b>	<b>0.00</b>

**D. DIRECT PROPERTIES**

	Fair Value
	0.00

**E. DIRECT EQUITIES**

	Fair Value
E1: PRIMARY LISTING ON JSE	281,097,880.28
E2: SECONDARY LISTING ON JSE	69,195,538.33
E3: FOREIGN LISTED EQUITIES	18,874,092.92
E4: EQUITY LINKED INSTRUMENTS	0.00
E5: UNLISTED EQUITIES	288,324.00
<b>TOTAL EQUITIES</b>	<b>369,455,835.53</b>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009

**E1: EQUITIES WITH PRIMARY LISTING ON JSE - DIRECT HOLDINGS**

Share Code	Description	Issued Shares (000's)	Market Capitalisation	Fund Holdings	%age of Issued Shares	Fund Market Value
MTN	MTN GROUP LIMITED	1,868,254	198,418,883,875	342,994	0.02	36,427,855.45
SOL	SASOL LIMITED	636,936	175,157,400,000	72,093	0.01	19,825,575.00
ANG	ANGLOGOLD ASHANTI LIMITED	354,059	122,150,355,000	50,790	0.01	17,522,550.00
	<b>SUB TOTAL</b>					<b>73,775,980.45</b>
	<b>OTHER</b>					
SBK	STANDARD BANK GROUP LIMITED	1,566,630	126,358,846,225	213996	0.01	17,260,162.04
NPN	NASPERS LIMITED	404,305	64,688,800,000	97592	0.02	15,614,720.00
REM	REMGRO LIMITED	439,480	29,664,900,000	138565	0.03	9,353,137.50
HAR	HARMONY GOLD MINING CO LTD	425,763	42,750,860,706	74157	0.02	7,446,104.00
SLM	SANLAM	2,160,000	36,374,400,000	433700	0.02	7,303,508.00
FSR	FIRSTRAND LIMITED	5,637,942	69,405,990,760	545435	0.01	6,714,587.80
TBS	TIGER BRANDS LIMITED	173,197	23,440,481,980	43213	0.02	5,848,447.42
ASA	ABSA GROUP LIMITED	680,372	65,451,788,675	59811	0.01	5,753,818.40
IMP	IMPALA PLATINUM HOLDINGS LTD	631,579	99,947,340,669	36304	0.01	5,745,108.00
NPK	NAMPAK	658,142	8,292,589,856	401236	0.06	5,055,574.00
ARI	AFRICAN RAINBOW MINERALS	211,651	29,311,547,117	33302	0.02	4,611,994.00
GFI	GOLDFIELDS LIMITED	703,840	73,551,280,000	39619	0.01	4,140,185.50
SUI	SUN INTERNATIONAL LIMITED	106,330	7,634,494,384	55431	0.05	3,979,946.00
SPP	SPAR GROUP	169924	8,819,075,633	75284	0.04	3,907,239.60
SAP	SAPPI	537118	9,802,403,500	212466	0.04	3,877,504.50
NTC	NETCARE LIMITED	1422836	11,368,459,640	474544	0.03	3,791,606.56
ABL	AFRICAN BANK INVESTMENTS LTD	804175	20,265,210,000	149476	0.02	3,766,795.20
ILV	ILLOVO SUGAR	350924	9,997,824,183	121580	0.03	3,463,814.00
FOS	FOSCHINI LIMITED	240498	10,567,492,710	77383	0.03	3,400,209.02
TRU	TRUWORTHS INTERNATIONAL LTD	454432	14,600,900,160	99740	0.02	3,204,646.20
GRT	GROWTHPOINT PROPERTIES LTD	1409019	19,120,387,830	220713	0.02	2,995,075.41
WHL	WOOLWORTHS HOLDINGS LIMITED	799359	9,112,692,600	256393	0.03	2,922,880.20
SHP	SHOPRITE HOLDINGS	543479	27,494,602,799	57522	0.01	2,910,038.00
DSY	DISCOVERY HOLDINGS LIMITED	591953	14,834,342,180	114512	0.02	2,869,670.72
MET	METROPOLITAN HOLDINGS LIMITED	542419	5,863,455,634	263352	0.05	2,846,789.60
MND	MONDI LIMITED	146896	4,067,559,156	95627	0.07	2,647,911.63
SNT	SANTAM	119346	9,130,000,901	34180	0.03	2,614,770.00
AFE	A E C I LIMITED	118847	5,229,268,000	59033	0.05	2,597,452.00
AVI	AVI LIMITED	342638	6,047,560,700	134700	0.04	2,377,455.00
AIP	ADCOCK	172907	6,224,658,084	65029	0.04	2,341,044.00
EXX	EXXARO RESOURCES LIMITED	355291	24,600,348,840	32502	0.01	2,250,438.48
MDC	MEDICLINIC CORP	593014	12,749,799,839	102884	0.02	2,212,006.00
PIK	PICK N PAY STORES LIMITED	506134	14,936,010,858	72122	0.01	2,128,320.22
LBH	LIBERTY HOLDINGS	286022	18,019,386,000	33000	0.01	2,079,000.00
BVT	BIDVEST GROUP LIMITED	335972	29,548,737,400	22814	0.01	2,006,491.30
APN	ASPEN PHARMACARE HLDS LIMITED	361044	16,463,606,400	42022	0.01	1,916,203.20
NED	NEDBANK	473490	40,246,650,000	22358	0.00	1,900,430.00
PWK	PIK N PAY HOLDINGS LIMITED	527249	6,622,248,470	140671	0.03	1,766,827.76
FPT	FOUNTAINHEAD PROPERTY TRUST	996043	5,627,642,950	312292	0.03	1,764,449.80
ACP	ACUCAP PROPERTIES LIMITED	140570	3,879,732,000	59280	0.04	1,636,128.00
ARL	ASTRAL FOODS LIMITED	42136	3,862,633,246	17629	0.04	1,616,050.43
HYP	HYPROP INVESTMENTS LIMITED	166,113	6,480,068,130	41113	0.02	1,603,818.13
GRF	GROUP FIVE LIMITED	119,947	3,388,502,750	55905	0.05	1,579,316.25
TON	TONGAAT-HULETT	103,247	7,124,043,000	20250	0.02	1,397,250.00
CMP	CIPLA MEDPRO SA LIMITED	443,266	1,529,267,700	400000	0.09	1,380,000.00
MVG	MVELAPHANDA GROUP LIMITED	443,000	3,096,697,406	178895	0.04	1,250,527.50
CAT	CAXTON & CTP PUBLISHERS	495,640	5,947,680,000	100898	0.02	1,210,776.00
HPA	HOSPITALITY PROP FUND A	61,591	724,926,070	86430	0.14	1,017,281.10
TRE	TRENCOR LIMITED	187,399	3,326,332,250	56773	0.03	1,007,720.75

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**E1: EQUITIES WITH PRIMARY LISTING ON JSE - DIRECT HOLDINGS**

Share Code	Description	Issued Shares (000's)	Market Capitalisation	Fund Holdings	%age of Issued Shares	Fund Market Value
FBR	FAMOUS BRANDS LIMITED	94,448	1,369,497,392	64912	0.07	941,224.00
NHM	NORTHAM PLATINUM	359,761	9,245,854,718	36189	0.01	930,057.00
AMS	ANGLO PLATINUM LIMITED	238,091	113,331,316,000	1900	0.00	904,400.00
EQS	EQSTRA HOLDINGS LTD	258,390	1,343,628,000	171870	0.07	893,724.00
PPC	PPC	586,170	18,399,876,300	27741	0.00	870,789.99
GIJ	GIJIMA AST GROUP LIMITED	981,459	529,987,860	1600000	0.16	864,000.00
ATN	ALLIED ELECTRONICS CORPORATION	105,669	2,114,439,311	41645	0.04	833,316.45
RMH	RMB HOLDINGS LIMITED	1,209,111	25,560,616,180	38718	0.00	818,498.52
GMB	Glenrand MIB Ltd	292,128	251,230,100	883679	0.30	759,964.00
PGR	PEREGRINE HOLDINGS	228,129	1,314,023,040	130000	0.06	748,800.00
ACL	ARCELORMITTAL SOUTH AFRICA LTD	445,752	32,584,471,200	10186	0.00	744,596.60
IPL	IMPERIAL HOLDINGS LIMITED	212,130	11,338,348,500	13600	0.01	726,920.00
MPC	MR PRICE GROUP LIMITED	247,156	5,993,533,000	29537	0.01	716,272.25
ELE	ELEMENTONE LIMITED	103,821	1,100,501,981	67103	0.06	711,291.40
AFX	AFRICAN OXYGEN LIMITED	342,852	5,468,491,794	42966	0.01	685,308.00
MOB	MOBILE INDUSTRIES LIMITED	1,068,040	1,292,862,427	565993	0.05	685,134.53
AVU	AVUSA OPCO HOLDINGS	103,821	1,764,957,000	39937	0.04	678,929.00
AEG	AVENG LIMITED	398,479	10,380,377,663	25248	0.01	657,710.40
RDF	REDEFINE	899,038	5,870,718,140	97028	0.01	633,592.84
PAP	PANBOURNE PROP. LIMITED	433,071	6,101,970,390	43522	0.01	613,224.98
DTC	DATATEC	175,551	2,580,599,700	38800	0.02	570,360.00
MTX	METOREX LIMITED	742,538	1,225,188,458	342756	0.05	565,547.75
JDG	JD GROUP LIMITED	170,500	5,628,205,000	16306	0.01	538,261.06
SAC	SA CORP REAL ESTATE FUND	2,104,469	5,050,725,600	214790	0.01	515,496.00
APA	APEXHI A	284,592	3,827,762,400	37796	0.01	508,356.20
OMN	OMNIA HOLDINGS LIMITED	45,177	2,349,204,000	9137	0.02	475,124.00
APB	APEXHI B	284,592	4,644,541,440	28320	0.01	462,182.40
RBX	RAUBEX GROUP	182,624	3,287,232,000	24700	0.01	444,600.00
CML	CORONATION FUND MANAGERS	314,500	1,541,050,000	87240	0.03	427,476.00
OCE	OCEANA GROUP LIMITED	118,483	2,672,976,480	17215	0.01	388,370.40
MVL	MVELAPHANDA RESOURCES LIMITED	214,961	6,229,569,780	13014	0.01	377,145.72
APK	ASTRAPAK LIMITED	135,131	1,162,126,600	39798	0.03	342,262.80
EMI	EMIRA	492,819	4,928,190,000	32959	0.01	329,590.00
JSE	JSE LIMITED	85,140	3,788,730,000	7299	0.01	324,805.50
SKY	SEA KAY HOLDINGS LIMITED	488,864	347,093,440	294740	0.06	209,265.40
ADH	ADVTECH LIMITED	393,665	1,460,497,150	53489	0.01	198,444.19
AMA	AMALGAMATED APPLIANCE HOLDINGS	212,190	254,628,000	159222	0.08	191,066.40
TDH	TRADEHOLD	347,330	274,390,700	235000	0.07	185,650.00
ILA	ILIAD AFRICA LIMITED	138,218	890,123,920	25500	0.02	164,220.00
RES	RESILIENT	250,093	5,752,139,000	7125	0.00	163,875.00
SPG	SUPER GROUP	545,516	338,219,920	252000	0.05	156,240.00
SYC	SYCOM PROPERTY FUND	205,107	3,507,329,700	9069	0.00	155,079.90
ALT	ALLIED TECHNOLOGIES LIMITED	105,220	5,261,000,000	3000	0.00	150,000.00
HCI	HOSKEN CONSOLIDATED INVESTMENTS	127,369	5,121,507,490	3221	0.00	129,516.41
MDN	MADISON	593,014	3,777,498,836	17956	0.00	114,379.72
HLM	HULAMIN LIMITED	215,744	2,159,597,440	10000	0.00	100,100.00
AXC	APEXHI C	284,592	1,977,914,400	13486	0.00	93,727.70
CRM	CERAMIC INDUSTRIES LIMITED	20,293	1,420,510,000	1180	0.01	82,600.00
DEL	DELTA ELECTRICAL INDUSTRIES LTD	49,166	442,494,000	8994	0.02	80,946.00
ADR	ADCORP HOLDINGS LIMITED	54,219	921,723,000	4600	0.01	78,200.00
DST	DISTELL GROUP LIMITED	201,092	10,458,794,920	1400	0.00	72,814.00
GPL	GRANPRADE	469,028	1,069,384,647	31370	0.01	71,523.60
INL	INVESTEC LIMITED	26,834	1,042,749,810	1700	0.01	66,062.00
SSK	STEFANUTTI STOCK HOLDINGS LTD	188,081	1,269,546,750	6750	0.00	45,562.50
VOX	VOX TELECOM LIMITED	1,164,782	780,403,940	59800	0.01	40,066.00
	<b>TOTAL OTHER</b>					<b>207,321,899.83</b>
	<b>TOTAL EQUITIES</b>					<b>281,097,880.28</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009

**E2: EQUITIES WITH SECONDARY LISTING ON JSE - DIRECT HOLDINGS**

Share Code	Description	Issued Shares (000's)	Market Capitalisation	Fund Holdings	%age of Issued Shares	Fund Market Value
SAB	SABMILLER PLC	1,585,284	228,386,856,080	183,356	0.01	26,415,519.48
	<b>TOTAL</b>					<b>26,415,519.48</b>
	<b>OTHER</b>					
BIL	BHP BILLITON PLC	2,231,121	418,714,515,979	74,901	0.00	14,056,670.67
CFR	COMPAGNIE FINANCIERE RICHMONT SA	5,220,000	76,838,400,000	834,306	0.02	12,280,984.32
AGL	ANGLO AMERICAN PLC	1,342,922	214,479,500,254	55,358	0.00	8,841,285.03
DDT	DIMENSION DATA HOLDINGS PLC	1,694,734	9,354,932,227	619,540	0.04	3,419,861.00
REI	REINET INVESTMENTS SCA	1,959,413	17,752,284,302	248,578	0.01	2,252,117.00
INP	INVESTEC PLC	434,937	16,975,591,110	27,581	0.01	1,076,486.43
LBT	LIBERTY INTERNATIONAL PLC	366,778	19,365,878,400	16,148	0.00	852,614.40
	<b>TOTAL - OTHER</b>					<b>42,780,018.85</b>
	<b>TOTAL</b>					<b>69,195,538.33</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

**E3: EQUITIES - FOREIGN**

Share Code	Description	Issued Shares (000's)	Market Capitalisation	Fund Holdings	%age of Issued Shares	Fund Market Value
BTI	BRITISH AMERICAN TOBACCO PLC	2,025,277	451,995,581,019	84,570	0.00	18,874,092.92
	<b>TOTAL</b>					<b>18,874,092.92</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

**E5: EQUITIES - UNLISTED**

Share Code	Description	Issued Shares (000's)	Market Capitalisation	Fund Holdings	%age of Issued Shares	Fund Market Value
JCD	JCI LIMITED	2,224,799	355,967,840	633,900	0.03	101,424.00
RNG	RANDGOLD	74,813	665,835,700	21,000	0.03	186,900.00
	<b>TOTAL</b>					<b>288,324.00</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

**F: PREFERENCE SHARES LISTING ON JSE - DIRECT HOLDINGS**

Share Code	Description	Issued Shares (000's)	Market Capitalisation	Fund Holdings	%age of Issued Shares	Fund Market Value
AFP	ALEX FORBES PF SHARE INV	100,000	530,000,051	85,297	0.09	452,074.00
	<b>TOTAL</b>					<b>452,074.00</b>
	<b>OTHER</b>					
ATNP	ALTRON PREFS	239,658	4,812,332,640	10087	0.00	202,546.96
MVGP	MVELEPHANDA GRP PREF	54,700	403,959,500	25528	0.05	188,524.28
	<b>TOTAL OTHER</b>					<b>391,071.24</b>
	<b>TOTAL</b>					<b>843,145.24</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009

**G: DERIVATIVE MARKET INSTRUMENTS LISTED ON JSE**

**OPTION**

Share Code	Description	Strike Price	Expiry date	Put/Call	Premium	Full Exposure (Notional amount)
	<b>TOTAL OPTIONS</b>					<b>0.00</b>

**FUTURES/FORWARD - SAFEX**

Share Code	Description	Put/Call	Expiry Date	Full Exposure (Notional amount)
ALBIK9	ALBI BND INDEX MAY 09	Call	05/2009	2,892,400.00
Y04794	R186 MAY09 CALL 7.25%	Call	05/2009	-3,195.00
ALSFM9	J200 FUT 180609		06/2009	-1,690,020.00
Y157K9	R157 FUT 070509		05/2009	-3,076,597.92
Y186K9	R186 FUT 070509		05/2009	-3,374,543.76
	<b>TOTAL FUTURES</b>			<b>-5,251,956.68</b>

**FAIR ASSET VALUE OF THE FUND**

**597,114,252**

**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND ( REF. NO. 12/8/32558/2 )**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**J: RISK MANAGEMENT**

**CREDIT / COUNTER PARTY RISK**

Description	Direct Investment in counter party	Deposit/Liquid Asset with counter party	Script lending trans.	Open financial instruments mark to market value	Guarantees	Any other instruments	Total per counter party	Exposure to counter party as a %age of the fair value of the assets of the fund
<b>NJMPF</b>	<b>39,308,041.47</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>39,308,041.47</b>	<b>6.58</b>
ABSA BANK	44,687,778.65	0.00	0.00	0.00	0.00	0.00	44,687,778.65	7.48
NJMPF - CASH ON HAND	-5,379,737.18	0.00	0.00	0.00	0.00	0.00	-5,379,737.18	-0.90
ASSET MANAGERS LOCAL	65,721,071.10	0.00	0.00	0.00	0.00	0.00	65,721,071.10	11.01
ALLAN GRAY	50,097,177.10	0.00	0.00	0.00	0.00	0.00	50,097,177.10	8.39
AGL - CURRENT ACCOUNT	2,936,877.10	0.00	0.00	0.00	0.00	0.00	2,936,877.10	0.49
AGL - DEPOSITS	47,160,300.00	0.00	0.00	0.00	0.00	0.00	47,160,300.00	7.90
AGL - SYNTHETIC CASH - FUTURES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CORONATION FUND MANAGERS	18,233,282.22	0.00	0.00	0.00	0.00	0.00	18,233,282.22	3.05
COR- CURRENT ACCOUNT	368,800.40	0.00	0.00	0.00	0.00	0.00	368,800.40	0.06
COR - DEPOSITS	9,723,320.14	0.00	0.00	0.00	0.00	0.00	9,723,320.14	1.63
COR - SYNTHETIC CASH - FUTURES	8,141,161.68	0.00	0.00	0.00	0.00	0.00	8,141,161.68	1.36
PRUDENTIAL PORTFOLIO MANAGERS	-2,609,388.22	0.00	0.00	0.00	0.00	0.00	-2,609,388.22	-0.44
PRU- CURRENT ACCOUNT	-184,309.19	0.00	0.00	0.00	0.00	0.00	-184,309.19	-0.03
PRU - DEPOSITS	464,125.97	0.00	0.00	0.00	0.00	0.00	464,125.97	0.08
PRU - SYNTHETIC CASH - FUTURES	-2,889,205.00	0.00	0.00	0.00	0.00	0.00	-2,889,205.00	-0.48
ASSET MANAGERS FOREIGN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INSURANCE COMPANIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FAIR ASSET VALUE OF THE FUND	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PARTICIPATING EMPLOYERS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER FUNDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>105,029,112.57</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>105,029,112.57</b>	<b>17.59</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009

**J: RISK MANAGEMENT**  
**EQUITY**

Share Code	Description	Fair Value at end of Period	Open Financial Instruments marked to market value	Total Fair Value Equity Holdings and Open Instruments	Market movement by 5%
MTN	MTN GROUP LIMITED	36,427,855.45	0.00	36,427,855.45	1,821,392.77
SAB	SABMILLER PLC	26,415,519.48	0.00	26,415,519.48	1,320,775.97
SOL	SASOL LIMITED	19,825,575.00	0.00	19,825,575.00	991,278.75
BTI	BRITISH AMERICAN TOBACCO PLC	18,874,092.92	0.00	18,874,092.92	943,704.65
ANG	ANGLOGOLD ASHANTI LIMITED	17,522,550.00	0.00	17,522,550.00	876,127.50
SBK	STANDARD BANK GROUP LIMITED	17,260,162.04	0.00	17,260,162.04	863,008.10
NPN	NASPERS LIMITED	15,614,720.00	0.00	15,614,720.00	780,736.00
BIL	BHP BILLITON PLC	14,056,670.67	0.00	14,056,670.67	702,833.53
CFR	COMPAGNIE FINANCIERE RICHMONT SA	12,280,984.32	0.00	12,280,984.32	614,049.22
REM	REMGRO-LIMITED	9,353,137.50	0.00	9,353,137.50	467,656.88
<b>TOTAL OF 10 LARGEST EQUITY HOLDINGS</b>		<b>187,631,267.38</b>	<b>0.00</b>	<b>187,631,267.38</b>	<b>9,381,563.37</b>
<b>TOTAL MOVEMENT AS % OF NON CURRENT ASSETS</b>					<b>1.57</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

**OTHER FINANCIAL HOLDINGS**

Share Code	Description	Fair Value at end of Period	Open Financial Instruments marked to market value	Total Fair Value Equity Holdings and Open Instruments	Market movement by 5%
R186	RSA 10.50% 21122026	5,894,088.94	0.00	5,894,088.94	294,704.45
ALBIK9	ALBI BND INDEX MAY 09	2,892,400.00	0.00	2,892,400.00	144,620.00
ABCP12	ABCP12 6.00% 200914	2,715,880.28	0.00	2,715,880.28	135,794.01
R203	RSA 8.25% 2017	2,259,671.56	0.00	2,259,671.56	112,983.58
R204	RSA 8.00% 21122018	1,079,715.61	0.00	1,079,715.61	53,985.78
MTN1	MTN 10.01% 2010	1,021,200.00	0.00	1,021,200.00	51,060.00
R157	RSA 13.50% 15092015	946,687.17	0.00	946,687.17	47,334.36
IPL4	IMPERIAL GROUP 9.04% 2014	926,100.00	0.00	926,100.00	46,305.00
TFS06	TFS06 8.05% 200314	880,364.67	0.00	880,364.67	44,018.23
R207	RSA 7.25% 15012020	816,991.43	0.00	816,991.43	40,849.57
<b>TOTAL OF 10 LARGEST EQUITY HOLDINGS</b>		<b>19,433,099.66</b>	<b>0.00</b>	<b>19,433,099.66</b>	<b>971,654.98</b>
<b>TOTAL MOVEMENT AS % OF NON CURRENT ASSETS</b>					<b>0.16</b>

FAIR ASSET VALUE OF THE FUND

597,114,252

**J: RISK MANAGEMENT**
**FOREIGN CURRENCY EXPOSURE**  
**FOREIGN EXPOSURE**

CODE	Description	Fair Value at end of Period	Market movement by 5%
AGLFP	ALLAN GRAY LIFE FOREIGN PORTFOLIO	31,634,455.00	1,581,722.75
AGLGEP	ALLAN GRAY ORBIS GLOBAL EQUITY FUND	9,909,923.00	495,496.15
BTI	BRITISH AMERICAN TOBACCO PLC	18,874,092.92	943,704.65
WEFB	RIG II plc THE WORLD EQUITY FUND B ACCUM	15,589,749.62	779,487.48
<b>TOTAL OF 10 LARGEST EQUITY HOLDINGS</b>		<b>76,008,220.54</b>	<b>3,800,411.03</b>
<b>TOTAL MOVEMENT AS % OF NON CURRENT ASSETS</b>			<b>0.64</b>

FAIR ASSET VALUE OF THE FUND

597,114,252



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**ANNEXURE B TO SCHEDULE 1 ( Regulation 12(2)(B)(vii))**

**ASSETS HELD IN COMPLIANCE WITH REGULATION 28 OF THE PENSION FUND ACT, 1956 AT 31/03/2009**

	<b>R'000</b>
<b>A. TOTAL ASSETS OF THE FUND AS PER STATEMENT OF FUNDS AND NET ASSETS</b>	<b>615,672</b>
<b>B. LESS: NON-INVESTMENT ITEMS OF STATEMENT OF NET ASSETS &amp; FUNDS</b>	<b>18,558</b>
1 FIXED ASSETS	0
2 CURRENT ASSETS ( EXCLUDING CASH AT BANK )	18,558
<b>C. FAIR VALUE OF ASSETS - COMPLIANCE</b>	<b>597,114</b>

Categories or kinds of assets	Permissible %age of adjusted asset value	Fair Value	% of Fair Value
	%	R'000	%
<b>1 Deposits in banks,mutual banks,Postbank &amp; SAFEX</b>	<b>100.00%</b>	<b>118,063</b>	<b>19.77%</b>
(a) Deposits and balances in current and savings accounts with a bank or a mutual bank, including negotiable deposits, and money market instruments in terms of which such a bank or mutual bank is liable. Paid-up shares of a mutual bank, or deposits and savings accounts with the Post Office savings bank, as well as margin deposits with Safex:	100.00%	118,063	19.77%
(i) Banks	20.00%	117,326	19.65%
(ii) Mutual banks	20.00%	0	0.00%
(iii) Post Office Savings Bank	20.00%	0	0.00%
(iv) SAFEX	5.00%	737	0.12%
(b) Territories outside the Republic—			
Deposits and balances in current and savings accounts with a bank including negotiable deposits and money market instruments in terms of which such a bank is liable.	15.00%	0	0.00%
<b>2 Krugerrands</b>	<b>10.00%</b>	<b>0</b>	<b>0.00%</b>
<b>3 Bills, bonds and securities issued or guaranteed by and loans to or guaranteed by—</b>	<b>100.00%</b>	<b>639</b>	<b>0.11%</b>
(a) Inside the Republic—	100.00%	639	0.11%
(i) a local authority authorised by law to levy rates upon immovable property	100.00%	0	0.00%
(ii) Development Boards established under the Black Communities Development Act, 1984 (Act No. 4 of 1984)	20.00%	0	0.00%
(iii) Rand Water Board	20.00%	0	0.00%
(iv) Eskom	20.00%	639	0.11%
(v) Land and Agricultural Bank of South Africa	20.00%	0	0.00%
(vi) Local Authorities Loans Fund Board	20.00%	0	0.00%
(b) Territories outside the Republic—			
– the foreign government concerned	15.00%	0	0.00%
<b>4 Bills, bonds and securities issued by and loans to an institution in the Republic, which bills, bonds, securities and loans the Registrar approved in terms of section 19 (1) (h) of the Act before the deletion of that section by section 8 (a) of Act No. 53</b>	<b>100.00%</b>	<b>14,867</b>	<b>2.49%</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**ANNEXURE B TO SCHEDULE 1 ( Regulation 12(2)(B)(vii))**

**ASSETS HELD IN COMPLIANCE WITH REGULATION 28 OF THE PENSION FUND ACT, 1956 AT 31/03/2009**

Categories or kinds of assets	Permissible %age of adjusted asset value	Fair Value	% of Fair Value
	%	R'000	%
<b>5 Bills, bonds and securities issued by the government of or by a local authority in a territory other than the Republic, which territory the Registrar approved in terms of section 19 (1) (i) of the Act before the deletion of that section by section 8 (a)</b>	<b>100.00%</b>	<b>0</b>	<b>0.00%</b>
<b>6 Immovable property and claims secured by mortgage bonds thereon. Units in unit trust schemes in property shares and shares in, loans to and debentures, both convertible and non-convertible, of property companies:</b>	<b>25.00%</b>	<b>13,459</b>	<b>2.25%</b>
(a) Inside the Republic—	25.00%	13,459	2.25%
(b) Territories outside the Republic—	10.00%	0	0.00%
<b>7 Preference and ordinary shares in companies excluding shares in property companies. Convertible debentures, whether voluntarily or compulsorily convertible and units in equity unit trust schemes which objective is to invest their assets mainly in shares</b>	<b>75.00%</b>	<b>412,284</b>	<b>69.05%</b>
<b>These investments are subject to the following limitations::</b>			
(a) Inside the Republic—	<b>75.00%</b>	<b>336,276</b>	<b>56.32%</b>
(i) Unlisted shares, unlisted convertible debentures and shares and convertible debentures listed in the Development Capital Sector of the Johannesburg Stock Exchange	5.00%	288	0.05%
(ii) Shares and convertible debentures listed on the Johannesburg Stock Exchange other than the Development Capital Sector	75.00%	335,988	56.27%
(aa) Companies with a market capitalisation of R2,000 million or less	15.00%	89,371	14.97%
(bb) Companies with a market capitalisation of more than R2,000 million	75.00%	246,617	41.30%
(b) Territories outside the Republic—	15.00%	18,874	3.16%
Preference and ordinary shares in companies, convertible debentures, whether voluntarily or compulsorily convertible	15.00%		0.00%
(i) Unlisted shares and unlisted convertible debentures	2.5%	0	0.00%
(ii) Shares and convertible debentures listed on any recognised foreign exchange	15.00%	18,874	3.16%
(aa) Companies with a market capitalisation of R2,000 million or less	10.00%	0	0.00%
(bb) Companies with a market capitalisation of more than R2,000 million	15.00%	18,874	3.16%
(c) Inside the Republic- Units in equity collective investment schemes which objective is to invest their assets mainly in shares	75.00%	0	0.00%
(d) Outside the Republic Units in equity collective Units in equity collective investment schemes which objective is to invest their assets mainly in shares	15.00%	57,134	9.57%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31/03/2009**

**ANNEXURE B TO SCHEDULE 1 ( Regulation 12(2)(B)(vii))**

**ASSETS HELD IN COMPLIANCE WITH REGULATION 28 OF THE PENSION FUND ACT, 1956 AT 31/03/2009**

Categories or kinds of assets	Permissible %age of adjusted asset value	Fair Value	% of Fair Value
	%	R'000	%
<b>8 Listed and unlisted debentures, units in a unit trust scheme with the objective to invest income generating securities and any secured claim against individuals and companies.</b>	<b>25.00%</b>	<b>28,210</b>	<b>4.72%</b>
(a) Inside the Republic—	25.00%	28,210	4.72%
(i) Claims against any individuals	0.25%	0	0.00%
(ii) Claims against companies	5.00%	28,210	4.72%
(b) Territories outside the Republic—	15.00%	0	0.00%
(i) Claims against any individuals	0.25%	0	0.00%
(ii) Claims against companies	5.00%	0	0.00%
<b>9 Investments in the business of a participating employer inside the Republic in terms of:</b>	<b>2.50%</b>	<b>0</b>	<b>0.00%</b>
(a) section 19 (4) of the Act; or	5.00%	0	0.00%
(b) to the extent it has been allowed by an exemption in terms of section 19 (4A) of the Act	10.00%	0	0.00%
<b>10 Any other assets not referred to in this Annexure, excluding—</b>	<b>2.50%</b>	<b>0</b>	<b>0.00%</b>
(a) money in hand in the Republic;	95.00%	0	0.00%
(b) loans granted inside the Republic to members of the fund concerned in accordance with—	95.00%	0	0.00%
(i) the provisions of section 19 (5) of the Act; and			
(ii) such exemptions as may have been granted to the fund in terms of section 19 (6) (a) of the Act;			
(c) bills, bonds or securities issued or guaranteed by, or loans to or guaranteed by the Government of the Republic or a provincial administration;	<b>100.00%</b>	<b>9,592</b>	<b>1.61%</b>
(d) units in a unit trust scheme as defined in the Unit Trusts Control Act, 1981, the underlying assets which consist only of—	100.00%	39,418	6.60%
(i) assets referred to in paragraphs (i), (ii) and (iii) of item 1 (a) of this Annexure;	100.00%	13,892	2.33%
(ii) assets referred to in paragraph (c) of this item; or	100.00%	11,948	2.00%
(iii) assets referred to in items 3, 4 and 5 of this Annexure	100.00%	13,578	2.27%
<b>Limitations in respect of investments in items 1,2,3,4,5 &amp; items 10(c) &amp; (d)</b>	<b>95.00%</b>	<b>182,579</b>	<b>30.58%</b>
<b>Limitations in respect of investments in items 6 &amp; 7</b>	<b>90.00%</b>	<b>425,743</b>	<b>71.30%</b>
<b>Limitations in respect of investments in items 1(b),3(b),5,6(b)7(b),8(b)</b>	<b>15.00%</b>	<b>18,874</b>	<b>3.16%</b>
<b>TOTAL (EQUAL TO THE FAIR VALUE OF ASSETS (C) ABOVE)</b>		<b>597,114</b>	<b>100.00%</b>

**INVESTMENTS OUTSIDE THE REPUBLIC**

Categories or kinds of assets	Permissible %age of adjusted asset value	Fair Value	% of Fair Value
	%	R'000	%
(a) Deposits with banks	15.00%	0	0.00%
(b) Bills, bonds and securities	15.00%	0	0.00%
(c) Immovable property, units in collective investment schemes in property shares, shares in, loans to and debentures of property	10.00%	0	0.00%
(d) Preference and ordinary shares in companies, convertible debentures	15.00%	18,874	3.16%
(e) Units in equity collective investment schemes	15.00%	57,134	9.57%
(f) Debentures & other secured claims against individuals & companies & units in income collective schemes	15.00%	0	0.00%
(g) Other	2.50%	0	0.00%
<b>TOTAL (EQUAL TO THE FAIR VALUE OF ASSETS (C) ABOVE)</b>	<b>15.00%</b>	<b>76,008</b>	<b>12.73%</b>

# ***ANNEXURE E***

## **REPORT OF THE AUDITOR-GENERAL TO THE TRUSTEES OF THE KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND AND THE REGISTRAR OF PENSION FUNDS**

1. I have audited the attached Schedule IB 'Assets of the fund held in compliance with Regulation 28' (the "Schedule") by the KwaZulu-Natal Joint Municipal Provident Fund (the Fund) as at 31 March 2009, as set out on pages 10 to 12 of Annexure D.

### **Board of Trustees' Responsibility for Schedule IB**

2. The board of trustees is responsible for the preparation of the Schedule in accordance with Regulation 28 of the Pension Funds Act of South Africa (the Act), from information derived from the accounting records of the fund, and for ensuring that the Schedule is in compliance with Regulation 28 of the Act. This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and presentation of the Schedule that is free from material misstatement, whether due to fraud or error;
  - selecting and applying appropriate accounting policies ; and
  - making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

3. My responsibility is to express an opinion on the Schedule based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Schedule is free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.
5. I believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

6. In my opinion, Schedule IB 'Assets of the fund held in compliance with Regulation 28' by the KwaZulu-Natal Joint Municipal Provident Fund as at 31 March 2009 year ended has been prepared, in all material respects, in accordance with the requirements of Regulation 28 of the Pension Funds Act of South Africa.

**Other matter - Restriction on use and distribution**

7. Schedule IB is prepared solely for regulatory purposes and as a result, the Schedule and related auditor's report may not be suitable for another purpose and may not be distributed to or relied upon by any parties other than the trustees and the Registrar of Pension Funds.

*Auditor-General*

Pietermaritzburg

14 October 2009



**AUDITOR-GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

# ***ANNEXURE F***

**PLEASE REFER TO ANNEXURE H**  
**IN YOUR AGENDA**

**KWAZULU-NATAL JOINT MUNICIPAL  
PROVIDENT FUND (12/8/32588/1)  
REPORT ON STATUTORY ACTUARIAL  
VALUATION AS AT 31 MARCH 2009**

**Prepared by**

**Arthur Els & Associates  
Consulting Actuaries  
Johannesburg**

**2 December 2009**



**KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND  
REPORT ON STATUTORY ACTUARIAL VALUATION  
AS AT 31 MARCH 2009**

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## PART A: EXECUTIVE SUMMARY

1. We have performed a statutory valuation of the Kwa-Zulu Natal Joint Municipal Provident Fund (the "Fund") as at 31 March 2009 ("the valuation date"). This valuation complies with the requirements of the Financial Services Board and the Actuarial Society of South Africa. The previous statutory valuation was performed as at 31 March 2006 (the "previous valuation date"). A copy of this report must be submitted to the Financial Services Board.
2. At the valuation date and at the previous statutory valuation date the Fund covered the following membership:

	31 March 2006		31 March 2009	
	Number	Annual emoluments R'000	Number	Annual emoluments R'000
Males	3 148	229 767	5 697	507 216
Females	<u>1 332</u>	<u>107 717</u>	<u>2 280</u>	<u>218 343</u>
<b>Total</b>	<u>4 480</u>	<u>337 484</u>	<u>7 977</u>	<u>725 559</u>

3. The market value of the Fund's assets was R 573 952 000 at the valuation date.
4. The valuation results in respect of service accrued up to the valuation date, and at the previous valuation, date were as follows:

	31 March 2006 R'000	31 March 2009 R'000
Members' Share Account - As per financials	365 389	575 459
- Adjustment*	<u>(343)</u>	<u>(742)</u>
	365 046	574 717
Reserve Accounts	<u>55 208</u>	<u>(765)</u>
Market value of assets	<u>420 254</u>	<u>573 952</u>

- \* 31 March 2006: Included in the Member's Share Account is an estimated R 343 000 in respect of amounts that should have been deducted from lump sums transferred into the Fund and added to the Investment Reserve.

31 March 2009: Adjustment in respect of incorrect breakdown of benefits between the Member Share Account, Risk Reserve Account and Investment Reserve Account as well as incorrect provision in respect of transfer values receivable and payable.

5. The Fund self-insures its risk benefits and holds a Risk Reserve as a measure of protection against volatility in claims experience. Circular PF117 from the Financial Services Board sets

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19.

out the standards required of actuarial valuations. In terms of PF117, the balance required to be held in the Risk Reserve Account was determined to be R 13 165 000. We recommend that the Risk Reserve Account be set at this amount.

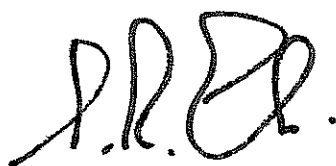
6. In order to provide a cushion against volatility in the investment markets, the Fund declares investment earnings on a smoothed basis and thus holds an Investment Reserve. The level of this Reserve is reviewed quarterly by the Committee of Management, taking into account market conditions. In the year prior to the valuation date, the Investment Reserve was released in full to reduce the impact of poor investment performance on bonuses credited to members. At the valuation date the Investment Reserve was therefore equal to 0% of the members' Full Benefits.
7. Benefits paid to members who exit the Fund include an equitable portion of the Investment Reserve, in accordance with the minimum benefits prescribed for defined contribution funds in the Pension Funds Act.
8. Allowing for the above, the Unallocated Assets of the Fund were negative at the valuation date and amounted to R 13 930 000, as follows:

	<b>R'000</b>
Share Account	574 717
Investment Reserve (0%)	0
Risk Reserve	13 165
Unallocated Assets	<u>(13 930)</u>
<b>Total market value of assets</b>	<b><u>573 952</u></b>

9. The liabilities therefore exceeded the market value of assets by R 13 930 000, or about 2,42% of the Share Account. A negative Investment Reserve from time to time is a feature of the smoothed bonus approach followed by the Fund. Subsequent to the valuation date, the Fund has recouped this deficit by declaring smaller bonuses than investment returns earned, such that no further action is required to eliminate the shortfall.
10. The Committee of Management of the Fund has taken note of the changes to the Pension Funds Act, in particular to the definition of "Fund Return". In this light the Committee is reviewing the smoothing approach that the Fund applies for granting investment returns to members and is considering granting actual monthly investment returns.
11. The contribution rate allocated towards risk benefits and expenses in the year following the valuation date is sufficient to cover the cost of these benefits and expenses.
12. The Fund self-insures the risk benefits. The amount in the Risk Reserve provides a cushion against fluctuations in claims experience.
13. There are material differences between the Share Account reflected in the financial statements and the Share Account from the data. We recommend that the Fund's Audit Committee review the procedures of the Fund with a view to aligning the value of the Share Account

reflected in the financial statements and the data. The Fund is moving to a new administration system, which should assist greatly in this regard.

14. Members are able to choose a rate of contribution between 5% and 9,25% of pensionable salaries. We note that 58% of members have chosen the lowest rate of contribution, which reduces the expected retirement benefit. We recommend that the Committee consider implementing an education programme on the longer term benefit of increasing their rate of contribution.
15. I am satisfied that the assets of the Fund are appropriate given the liabilities.
16. Subject to paragraph 9, I certify that the Fund was in a sound financial condition as at 31 March 2009.



A. R. ELS (FASSA FIA)  
VALUATOR

In my capacity as valuator to the Fund  
and as an employee of Arthur Els & Associates

21 January 2010



S. HEYNEKE (FASSA FIA)  
ACTUARY

In my capacity as actuary and as an  
employee of Arthur Els & Associates

**REPORT TO THE COMMITTEE OF THE  
KWAZULU-NATAL JOINT MUNICIPAL PROVIDENT FUND  
ON THE STATUTORY ACTUARIAL VALUATION  
AS AT 31 MARCH 2009**

**INTRODUCTION**

1. A statutory actuarial valuation of the KwaZulu-Natal Joint Municipal Provident Fund (the "Fund") was performed as at 31 March 2009. This valuation complies with the requirements of the Financial Services Board and the Actuarial Society of South Africa. A copy of this report needs to be submitted to the Financial Services Board.
2. The last statutory valuation was performed as at 31 March 2006. Interim actuarial valuations of the Fund were also carried out as at 31 March 2007 and 31 March 2008.
3. The period between 31 March 2006 (when the last statutory valuation was performed) and 31 March 2009 is referred to as the "valuation period".

**PURPOSE OF THE VALUATION**

4. The purpose of the valuation is to consider the financial soundness of the Fund in terms of the funding objectives laid down by the Actuarial Society of South Africa and as required by the Registrar of Pension Funds.
5. This requires that the following be determined:
  - (1) whether the existing assets of the Fund are sufficient to cover the Fund's accrued liabilities towards its members for service prior to the valuation date;
  - (2) whether the nature of the assets of the Fund is suitable to match the nature of the liabilities of the Fund;
  - (3) whether the Fund is in a position to continue meeting the benefits and other commitments in terms of its rules;
  - (4) whether a further bonus should be declared; and
  - (5) whether the available contributions are sufficient to meet the costs of the death benefits and of administration.

**OPERATIONS SINCE LAST STATUTORY VALUATION**

6. (1) Investment earnings are credited to members' Full Benefits by means of interim monthly bonuses and supplementary bonuses, on a smoothed bonus approach. The same level of bonuses applies to all members. When a member leaves the Fund, the Full Benefit is adjusted for the Investment Reserve at the date of exit. The Investment Reserve is also determined on a smoothed approach.



- (2) The level of the interim monthly bonus and the balance of the Investment Reserve are determined quarterly in advance by the Committee of Management on the advice of the actuary. The interim monthly bonuses and adjustment for the Investment Reserve over the valuation period have been as follows:

	Interim bonus p.m.	Investment Reserve
Month	%	%
01/04/2006	3,0	7,0
01/05/2006 to 31/07/2006	0,0	7,0
01/08/2006 to 31/10/2006	1,0	7,0
01/11/2006 to 31/01/2007	2,0	7,0
01/02/2007 to 30/04/2007	3,0	7,0
01/05/2007 to 31/07/2007	1,0	7,0
01/08/2007 to 31/10/2007	0,0	7,0
01/11/2007 to 31/01/2008	1,0	7,0
01/02/2008 to 31/10/2008	0,0	7,0
01/11/2008 to 30/11/2008	0,0	0,0
01/12/2008 to 31/01/2009	-2,0	0,0
01/02/2009 to 31/03/2009	0,0	0,0

- (3) Supplementary and final bonuses have been credited during the valuation period as follows:

Date	Supplementary bonus %
31/03/2007	6,0
31/10/2007	5,1

- (4) The following annualised returns credited to members' Full Benefits during the valuation period are set out below. The actual investment returns earned are included for comparative purposes.

Year ending	Annual return credited %	Annual return earned %
31/03/2007	26,4	29,6
31/03/2008	14,9	7,0
31/03/2009	(3,9)	(11,2)

The total return credited to members' Full Benefits during the valuation period therefore amounted to 39,5% (inclusive of all supplementary bonuses). The total returns earned during the valuation period amounted to 23,1%. In addition, the Investment Reserve available for smoothing the declaration amounted to 7% during the valuation period. The total income available for declaration was thus 30,1%.

The difference in the earned and credited returns is due to:

- (i) The interim bonus for April 2006 of 3% was funded from investment returns for the period ending January 2006, i.e. in the previous valuation period;
  - (ii) As per paragraph 21 an over-declaration of 2,42% was made and will be recouped from investment earnings after the valuation date; and
  - (iii) The final bonus of 2,9% in respect of investment earnings earned up to 31 March 2006 was incorporated into the 5,1% bonus granted as at 31 October 2007.
- (5) The Committee of Management of the Fund has taken note of the changes to the Pension Funds Act, in particular to the definition of "Fund Return". In this light the Committee is reviewing the smoothing approach that the Fund applies for granting investment returns to members and is considering granting actual monthly investment returns.

#### PARTICULARS SUPPLIED

7. Particulars were supplied of –

- (1) audited financial statements (Appendix 1);
- (2) the assets held by the Fund at the valuation date (Appendix 2);
- (3) the members of the Fund at the valuation date (Appendix 3); and
- (4) the conditions governing the payment of benefits in terms of the rules of the Fund (Appendix 4).

8. At the valuation date and at the previous statutory valuation date the Fund covered the following membership:

	31 March 2006		31 March 2009	
	Number	Annual emoluments R'000	Number	Annual emoluments R'000
Males	3 148	229 767	5 697	507 216
Females	<u>1 332</u>	<u>107 717</u>	<u>2 280</u>	<u>218 343</u>
<b>Total</b>	<u>4 480</u>	<u>337 484</u>	<u>7 977</u>	<u>725 559</u>

9. The particulars were reconciled with each other. We are satisfied that the particulars provided by the Fund are sufficiently accurate for purposes of this valuation.

## RESULTS OF VALUATION

### Assets

10. Based on the audited financial statements the market value of the Fund's assets was R 573 952 000 at the valuation date.

### Members' Share Account

11. The Share Account comprises the total of the Members' Full Benefits at the valuation date. The audited financial statements reflect the total Share Account to amount to R575 459 000. We have adjusted this value to allow for the following:
  - (1) The correct breakdown of benefits accrued between the Member Share Account, Risk Reserve Account and Investment Reserve Account; and
  - (2) Transfer values for members who transferred into or out of the Fund and that were not provided for in full; or were not adjusted for investment returns to the valuation date.
12. Allowing for the above, the revised value of the Share Account shown in the financial statements is taken to be R 574 717 000.
13. The data provided for the valuation showed a total of R571 272 000 for the Share Account. The difference between this value and the revised Share Account value shown above, is mainly due to members who transferred into the Fund and whose records were not updated for the transfer values or where the transfer values were updated on the records at incorrect dates. A small difference also arose due to incorrect administration records.
14. It is thus seen that there are significant differences between the Share Account reflected in the financial statements and the Share Account from the data. There are material differences between the Share Account reflected in the financial statements and the Share Account from the data. We recommend that the Fund's Audit Committee review the procedures of the Fund with a view to aligning the value of the Share Account reflected in the financial statements and the data. The Fund is moving to a new administration system, which should assist greatly in this regard.

### Risk Reserve

15. The Fund self-insures its risk benefits in excess of the Full Benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. Circular PF117 from the Financial Services Board sets out the standards required of actuarial valuations.
16. In terms of PF117, the balance required to be held in the Risk Reserve Account was determined to be R 13 165 000. We recommend that the Risk Reserve Account be set at this amount.





### Investment Reserve


17. In order to provide a cushion against volatility in the investment markets, the Fund holds an Investment Reserve. The level of this Reserve is reviewed quarterly by the Committee of Management, taking into account market conditions.
18. During the year prior to the valuation date the Investment Reserve was released to reduce the impact of poor investment performance on bonuses credited to members. At the valuation date the Investment Reserve was therefore equal to 0% of the members' Full Benefits.
19. Benefits paid to members who exit the Fund include an equitable portion of the Investment Reserve Account, in accordance with the minimum benefits prescribed for defined contribution funds in the Pension Funds Act.

### Unallocated assets

20. Allowing for the above, the Unallocated Assets of the Fund were negative at the valuation date and amounted to R 13 930 000, as follows:

	31 March 2006	31 March 2009
	R'000	R'000
Share Account	365 046	574 717
Investment Reserve Account	25 553	0
Risk Reserve Account	6 382	13 165
Final bonus at valuation date	11 555	0
Interim bonus (April following valuation date)	11 718	0
Unallocated Assets (deficit)	<u>0</u>	<u>(13 930)</u>
<b>Total market value of assets</b>	<b><u>420 254</u></b>	<b><u>573 952</u></b>

21. The liabilities therefore exceeded the market value of assets by R 13 930 000, or about 2,42% of the Share Account. This is a feature of the smoothed bonus approach followed by the Fund. Since the valuation date, the Fund has recouped this deficit by declaring smaller bonuses than investment returns earned, such that no further action is required in this regard.
22. The Committee of Management of the Fund has taken note of the changes to the Pension Funds Act, in particular to the definition of "Fund Return". In this light the Committee is reviewing the smoothing approach that the Fund applies for granting investment returns to members and is considering granting actual monthly investment returns.



### Contribution rate assessment

23. Each member can elect to contribute to the Fund at either 5%, 7% or 9,25% of his/her pensionable emoluments. The employer contributes 1,95 times the member's contributions.
24. Of the contribution by the Employer, 3,75% of pensionable emoluments is applied to meeting the cost of the risk benefits and expenses.
25. The fund self-insures the lump sum death benefit in excess of the Full Benefit. The actual cost of the self-insured portion of the death benefit was as follows during the valuation period:

Year ending	% of emoluments
31/03/2007	1,93%
31/03/2008	2,70%
31/03/2009	2,16%

26. We have investigated the mortality experience of the Fund over the valuation period. Our investigation revealed that:
  - The actual male mortality experience was higher than the assumptions used in the previous statutory actuarial valuation the especially at ages younger than 40; and
  - The female mortality assumption was consistent with the actual mortality experience.
27. We therefore increased the mortality assumptions for males as set out in Appendix 5.
28. Assuming that the age profile of the membership remains the same, the expected contribution required to provide death benefits for one year following 31 March 2009 is estimated to be equal to 2,16% of pensionable emoluments.
29. The table below sets out the administration fees as a percentage of emoluments during the valuation period.

Year ending	% of emoluments
31/03/2007	0,91%
31/03/2008	0,89%
31/03/2009	0,94%

The slight increase in the administration fee percentage in the final year is due to a new administration and information technology platform that has been commissioned by the Committee of Management in that year.

30. The expected cost of the risk benefits and expenses in the year following the valuation date is thus 3,1% (2,16% plus 0,94%) of pensionable emoluments. This is covered by the

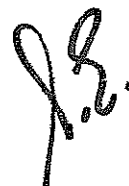


available contribution of 3,75%, so that in the coming year the contribution is expected to be sufficient to meet the risk benefit costs and expenses.

31. Over the longer term, the adequacy of the available 3,75% contribution to cover the cost of risk benefits and expenses is harder to predict. The adequacy of the contribution rate and any possible reduction in risk benefits is investigated during each annual valuation.

### CONCLUSIONS

32. The market has been very volatile over the past year. This resulted in the release of the Investment Reserve to reduce the impact of the poor investment earnings on bonuses credited to the Share account. Despite this, the Fund reflected a deficit of R 13 930 000 as at the valuation date. A negative Investment Reserve from time to time is a feature of the smoothed bonus policy followed by the Fund. Subsequent to the valuation date, the Fund has recouped this deficit by declaring smaller bonuses than investment returns earned, such that no further action is required to eliminate the shortfall.
33. The Committee of Management of the Fund has taken note of the changes to the Pension Funds Act, in particular to the definition of "Fund Return". In this light the Committee is reviewing the smoothing approach that the Fund applies for granting investment returns to members and is considering granting actual monthly investment returns.
34. The Unallocated Assets were negative at the valuation date, and I therefore recommend that no final bonus be declared on the members' Full Benefits for the year to the valuation date.
35. Subsequent to the valuation date, the investment markets have performed well. However, the market is still very volatile and fluctuations in asset values can be expected.
36. The Fund self-insures the risk benefits. The rate of contribution to the Fund is sufficient to meet the cost of the risk benefits and the cost of administration. The amount in the Risk Reserve provides a cushion against fluctuations in claims experience.
37. There are material differences between the Share Account reflected in the financial statements and the Share Account from the data. We recommend that the Fund's Audit Committee review the procedures of the Fund with a view to aligning the value of the Share Account reflected in the financial statements and the data. The Fund is moving to a new administration system, which should assist greatly in this regard.
38. Members are able to choose a rate of contribution between 5% and 9,25% of pensionable salaries. We note that 58% of members have chosen the lowest rate of contribution, which reduces the expected retirement benefit. We recommend that the Committee consider implementing an education programme on the longer term benefit of increasing their rate of contribution.



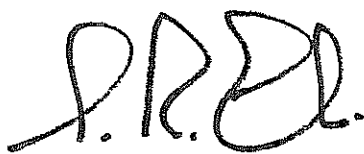
## ACTUARIAL CERTIFICATE

39. I certify that:

39.1 I am satisfied that the assets of the Fund are appropriate given the liabilities.

39.2 The contribution rate allocated towards risk benefits and expenses in the year following the valuation date is sufficient to cover the cost of these benefits and expenses.

40. Subject to the adjustment in paragraph 32, I certify that the Fund was in a sound financial condition as at 31 March 2009.



A. R. ELS (FASSA FIA)  
VALUATOR

In my capacity as valuator to the Fund  
and as an employee of Arthur Els & Associates

21 January 2010



S. HEYNEKE (FASSA FIA)  
ACTUARY

In my capacity as actuary and as an  
employee of Arthur Els & Associates

## APPENDIX 1

## ACCOUNTS OVER VALUATION PERIOD

The audited financial statements show the following:

	R'000	R'000
Fund at 31 March 2006 (at market value)		420 254
Income		493 859
Expenditure		(340 161)
Fund at 31 March 2009 (at market value)		<u>573 952</u>

We have been advised that the breakdown of benefit payments shown in the audited statements over the last two years is incorrect. We have restated the breakdown of benefit payments based on the data supplied. Allowing for the latter, we have based the valuation on the following figures.

	R'000	R'000
<b>Fund at 31 March 2006 (at market value)</b>		<b>420 254</b>
<b>Income</b>		<b>429 570</b>
member contributions	100 399	
employer contributions	195 778	
transfers from other funds	20 702	
investment proceeds	110 698	
other income	278	
unclaimed benefits	<u>1 715</u>	
<b>Expenditure</b>		<b>(275 872)</b>
lump sums on retirement	(73 640)	
lump sums on death	(69 728)	
lump sums on withdrawal	(92 401)	
general administration expenses	(14 457)	
investment administration expenses	(9 480)	
retirement fund taxation	(1 667)	
transfers paid	<u>(14 499)</u>	
<b>Fund at 31 March 2009 (at market value)</b>		<b><u>573 952</u></b>

We are satisfied that the data provided is consistent with the above statements.

KNJMPF – Statutory Actuarial Valuation as at 31/03/2009

## APPENDIX 2

## ASSETS

2.1 The total market value of the assets was R 573 952 000 as at 31 March 2009, as follows:

	Market value R'000	Percentage
Stocks	35 351	6,16%
Ordinary shares	370 299	64,53%
Derivative Market Instruments	(5 252)	(0,92%)
Collective Investment Schemes:		
- inside the Republic	13 552	2,36%
- outside the Republic	57 134	9,95%
Other	21 002	3,66%
Deposits	110 409	19,24%
Cash at bank	(5 380)	(0,94%)
Current assets	<u>18 558</u>	<u>3,23%</u>
	615 673	107,27%
Less: Current liabilities	<u>(45 805)</u>	<u>(7,98%)</u>
Total as per Financial Statements	569 868	99,29%
Adjustment in respect of transfers in and out	<u>4 084</u>	<u>0,71%</u>
<b>Total</b>	<b><u>573 952</u></b>	<b><u>100,00%</u></b>

2.2 The total market value of the assets was apportioned to the various accounts by crediting and debiting the various income and expenditure items to the various accounts. The amounts of the accounts were as follows:

	Market value R'000
Members' Share Account*	574 717
Risk Reserve Account	13 165
Investment Reserve Account	0
Unallocated Assets	<u>(13 930)</u>
	<b><u>573 952</u></b>

\* Adjusted as explained in the main report in paragraph 10.

2.3 In Appendix 6, the above reserve and account balances are reconciled to the valuation reserves and accounts.

KNJMPF – Statutory Actuarial Valuation as at 31/03/2009

## APPENDIX 3

## MEMBERSHIP

- 3.1 The number of members at the valuation date, their pensionable emoluments and their Full Benefits including interim bonuses up to that date were as follows:

MALES

Age	Number	Pensionable Emoluments (R)	Full Benefit (R)	Average per member	
				Pensionable Emoluments (R)	Full Benefits (R)
< 25	327	24 610 999	4 178 741	75 263	12 779
25 - 30	994	84 644 385	24 065 643	85 155	24 211
30 - 35	1281	121 215 662	54 374 107	94 626	42 447
35 - 40	1032	92 656 912	59 590 971	89 784	57 743
40 - 45	697	60 920 722	46 768 134	87 404	67 099
45 - 50	581	54 751 143	58 494 092	94 236	100 678
50 - 55	366	31 764 436	54 611 834	86 788	149 213
55 - 60	286	25 321 790	57 804 284	88 538	202 113
60+	133	11 329 598	29 445 805	85 185	221 397
<b>Total</b>	<b>5 697</b>	<b>507 215 647</b>	<b>389 333 611</b>	<b>89 032</b>	<b>68 340</b>

FEMALES

Age	Number	Pensionable Emoluments (R)	Full Benefit (R)	Average per member	
				Pensionable Emoluments (R)	Full Benefits (R)
< 25	132	10 150 934	1 755 155	76 901	13 297
25 - 30	468	44 681 130	16 178 450	95 473	34 569
30 - 35	540	53 589 269	30 148 404	99 239	55 830
35 - 40	397	40 376 299	32 007 044	101 704	80 622
40 - 45	259	24 404 050	26 156 643	94 224	100 991
45 - 50	212	19 481 520	22 892 938	91 894	107 986
50 - 55	134	11 863 853	22 277 969	88 536	166 254
55 - 60	90	8 435 555	19 947 678	93 728	221 641
60+	48	5 360 696	14 019 307	111 681	292 069
<b>Total</b>	<b>2 280</b>	<b>218 343 306</b>	<b>185 383 587</b>	<b>95 765</b>	<b>81 309</b>

### 3.2 MEMBERSHIP RECONCILIATION PER DATA

<b>Membership at 31 March 2006</b>		<b>4 480</b>
New Members		4 869
Transfers In		152
Exits		(1 524)
Resignations	(806)	
Dismissals	(105)	
Deaths	(330)	
Ill-health	(44)	
Superannuation	(113)	
Retrenchments	(1)	
Transfers	(114)	
Adjustments <sup>1</sup>	(11)	
<b>Membership at 31 March 2009<sup>2</sup></b>		<b><u>7 977</u></b>

1. Duplicate records deleted

2. Includes 1 deferred pensioner

- 3.3 Members are able to choose to contribute at different rates. At the valuation date members were contributing as follows:

<b>Member's rate of contribution (% of pensionable emoluments)</b>	<b>No. of members</b>
5%	4 626
7%	1 633
9,25%	1 718



## APPENDIX 4

## BENEFITS AND CONDITIONS

4.1 The principal benefits and conditions of the Fund at the valuation date are described below.

Member's contributions	Until 30 June 2000 each member contributed 5% of pensionable emoluments. With effect from 1 July 2000 members have the option of contributing at either 5%, 7% or 9,25% of pensionable emoluments.
Local authorities' contributions	An amount equal to 1,95 times the contributions paid by the members. Of this amount, 3,75% is used to meet the cost of the risk benefits and expenses of administration, and the balance is allocated to the members' Full Benefits.
Full Benefit	Initial transfer plus member's contributions plus local authorities' contributions for Full Benefits plus interim, special and final bonuses.
Pension age	65 years
Earliest retirement age	58 years
Benefit on retirement after earliest retirement age	Full Benefit
Benefit on retirement because of ill-health	Full Benefit
Benefit on death in service	Full Benefit plus 0,7% of annual pensionable emoluments for each month from date of death to the date on which the member would have attained the pension age (subject to a maximum of 2,1 times annual pensionable emoluments).
Withdrawal	Full Benefit.

## APPENDIX 5

## VALUATION ASSUMPTIONS FOR MEMBERS - DEATH

Age	Average annual rate of death (per cent) between age stated	
	Males	Females
	%	%
20	1,07	0,50
25	1,43	0,75
30	1,79	1,00
35	2,32	1,25
40	1,90	1,05
45	2,26	1,35
50	2,62	2,10
55	3,21	2,10
60	4,05	2,10
65		



## APPENDIX 6

## RESERVE ACCOUNT BUILD-UP FROM 31.03.2006 TO 31.03.2009 (R'000)


	Full Benefit	Risk Reserve	Investment/ Unallocated Reserve	Total
Balance as at 31/03/2006 (previous statutory valuation)	386 796	6 382	27 076	420 254
<b>INFLOW</b>				
Contributions				
- Member	100 399			100 399
- Employer retirement	136 412			136 412
- Employer risk and expenses		59 366		59 366
Transfer received	15 459		5 243	20 702
Other Income		278		278
Unclaimed benefits			1 716	1 716
Investment proceeds			110 698	110 698
<b>OUTFLOW</b>				
Administration expenses		(14 457)		(14 457)
Investment manager's fees			(9 480)	(9 480)
Retirement Fund Tax			(1 668)	(1 668)
Lump sums on death	(25 607)	(37 241)	(6 879)	(69 728)
Lump sums on retirement	(65 428)		(8 212)	(73 641)
Lump sums on withdrawal	(85 665)		(6 724)	(92 389)
Transfers paid	(12 179)		(2 320)	(14 499)
Investment Income Allocated	123 850		(123 850)	0
<b>Balance as at 31/03/2009 as per accounts</b>	<b>574 037</b>	<b>14 328</b>	<b>(14 400)</b>	<b>573 964</b>
Release of Risk Reserve		(2 495)	2 495	
Interim bonus April 2009	0		0	
Adjustments to Financials over valuation period	680	1 333	(2 027)	(14)
<b>Balance as at 31/03/2009 as per valuation</b>	<b>574 717</b>	<b>13 166</b>	<b>(13 932)</b>	<b>573 951</b>

### LIMITATIONS TO USE OF REPORT

This report has been prepared for the Committee of Management of the KwaZulu-Natal Joint Municipal Provident Fund. Its contents and conclusions should not be used by any other party, as the purpose for which this report has been prepared may not be appropriate for other uses.

A third party who wishes to use the information, conclusions, recommendations or any other aspects of this report should contact the Committee of Management of the KwaZulu-Natal Joint Municipal Provident Fund who will in turn obtain written comment from Arthur Els & Associates on whether this report is appropriate for the intended use.

Arthur Els & Associates  
Consulting Actuaries  
Suite 163  
Private Bag x11  
**Craighall**  
**Johannesburg**  
2024

A handwritten signature in black ink, appearing to be 'P. P.', is located to the right of a horizontal line.